IV-V-VI

COÖPERATION

IN THE

NORTHWEST.

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE
HERBERT B. ADAMS, Editor

History is past Politics and Politics present History — *Freeman*

SIXTH SERIES

IV-V-VI

COÖPERATION IN THE NORTHWEST

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BALTIMORE
PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY
1888

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BALTIMORE:
FROM THE PRESS OF GUGGENHEIMER, WEIL & CO.
1888.

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COÖPERATION IN A WESTERN CITY.

CHAPTER I.

THE COÖPERATIVE COOPERS OF MINNEAPOLIS.

Introductory.

The people of Minneapolis may be pardoned for exhibiting, at home and abroad, an extraordinary civic pride. Urban development at once so rapid and upon so liberal and metropolitan a scale has scarcely been seen elsewhere in the country; and citizens who are witnessing the unfolding as if by magic of a ragged western village into a splendid and palatial city, are stirred to enthusiasm, however dull their native temperament. In 1850 Minneapolis did not exist. In 1860 it was a village of 5,809 inhabitants. The number had increased in 1870 to 13,066, and in 1880 to 46,867. The state census of June, 1885, discovered a population of nearly 130,000, and the accessions of fifteen months have further swelled the number to about 155,000. It is not difficult to account for this remarkable and incessant growth. The railroad systems of the Northwest converge at Minneapolis and St. Paul and make these contiguous cities a principal distributing centre for a group of progressing states and territories. The new demand of the world for the hard northern varieties of wheat has stimulated the cultivation of large areas of virgin soil, making Minnesota and Dakota the principal distinctive wheat-growing region of the country, and giving Minneapolis eminence as the largest wheat-receiving market in America, not excepting

Chicago or New York. The pine forests of the upper Mississippi and its tributaries have given Minneapolis the opportunity to build up a great industry in the manufacture of lumber. The magnificent water power afforded by the Falls of St. Anthony has invited the development about it of a city of large and diversified manufacturing industries, and it was natural that flour-milling should be preëminent among these industries. In point of fact, the flour mills occupy the central place in the industry and commerce of this prosperous young city. Twenty-six mills are clustered at the Falls, and they manufacture more flour by far than is made in any other city in the world. They have an aggregate daily capacity of about 35,000 barrels, and their product furnishes freight for from ten to twenty long railroad trains every twenty-four hours during the active milling season. These mills, with their revolutionized modern processes, are among the industrial wonders of the world, and are visited every season by thousands of strangers, who are duly impressed with the spectacle of a single mammoth mill which can produce seven thousand barrels of flour in a day, and of a group of mills which actually manufacture from five to six millions of barrels annually.

But it does not often occur to the interested visitor to inquire whence come the clean oak and elm barrels, of which many thousands are requisite every day. Barrels imply cooper shops; and the annual use of several millions of barrels by the mills would seem to indicate the existence of a subordinate industry of considerable proportions. But coopering is a humble craft in Minneapolis as elsewhere. The low-built wooden shops, obscurely located, attract no attention from the general public. Fluctuations in the price of flour, the shutting down or opening up of the mills, —these are matters of general interest and note; but the ups and downs of the cooper trade chiefly interest the coopers themselves. And yet these handicraftsmen constitute a large body of citizens. Although the use of paper, cloth and jute sacks has increased of late years, about half of the

Minneapolis flour is still shipped in barrels. Seven or eight hundred coopers are occupied in supplying the local demand. A majority of them are grouped in seven coöperative shops, all of which are admirably conducted and as successful from the business point of view as is possible under the conditions of the trade. The coöperative system of production has stood the test of years and is no longer an experiment. There was no romance in its inception and there has been nothing brilliant or sensational in its history. The movement was not inaugurated with the laying on of apostolic hands. It had no literary or philanthropic or *doctrinaire* beginnings. It received no coddling or advertising. Its advent was attended with no speech-making or enthusiasm. So far as the obscure movement was known or noticed at all, it met with disfavor and distrust. It did not however, assume any martyr airs or affect to contend unselfishly for a cause or an idea. Coöperation in Minneapolis took its start and won its way because of inherent advantages which made it an immediately desirable system for coopers to adopt, and which soon became obvious. It ought not to be necessary to assert that the sober and moderate prosperity of this movement, on its sheer, honest merits, and its freedom from exceptional and phenomenal conditions, are the very elements which give it valuable bearing upon the general question of labor organization. And yet to these elements, doubtless, are due its oversight hitherto, alike by the public and by economic writers.

The community at large is only beginning to grasp the labor question, and scarcely suspects the deep significance of much that is near and familiar. Probably scores of Minneapolis people have been interested in reading of M. Godin's "Social Palace" at Guise, for one who has ever thought of the Minneapolis coopers as engaged in a still more important industrial experiment; and perhaps more of them have visited the unique village of Pullman, near Chicago, than have entered the dingy coöperative shops of their own city. Doubtless there has been occasionally a

believer in coöperation who has made a pilgrimage to these shops and has found himself encouraged and repaid; but excepting General Master Workman Powderly, of the Knights of Labor, I have not heard of any recent pilgrim. The indigenous character of this coöperative movement; its remarkable exemption from the aid, patronage or praise of social reformers, political economists, hobby-riders or persons of the literary habit; its entire freedom from the self-consciousness and premature thirst for fame that characterize almost every social experiment however insignificant; and finally the common-place nature of its external features, —perhaps sufficiently account for the fact that writers on coöperation have overlooked the most important illustration which this country has yet furnished. The new interest in labor questions, and the earnest inquiries that are current as to better modes of labor organization, give timeliness to a detailed account of coöperation among the coopers of Minneapolis.

There is no single universal remedy for social inequalities and infelicities. Improvement must be along many lines. Every honest experiment serves a useful end, either as example or warning, and its history is worth writing down. Coöperation, pure and simple, though not to be prescribed as a panacea for all the present ills of labor, has within certain limits not only immediate applicability, but also great remedial virtue. It is of practical importance to understand in a general way what its limitations are. They can best be determined by experience. *A priori* reasoning cannot avail much for the solution of practical problems in economics. It follows that there ought to be a painstaking and unbiased record made of the facts about coöperative enterprises. Unsuccessful as well as successful ventures should be carefully noted down. It is as a contribution to the growing mass of illustrative material out of which the useful principles and hopeful plans of the future are to be evolved, that I propose to present an account of the successful working of coöperation among the coopers of Minneapolis.

Beginnings of the Movement.

The small beginnings of the coöperative movement are to be traced back nearly two decades, to a time when the annual output of the Minneapolis mills did not equal the present product of a week. Although the introduction of sacks had not in 1868 greatly encroached upon the product of the ancient and honorable trade of coopering, forty or fifty journeymen were more than enough to make all the barrels required by the mills. A part of the time, when the mills were running at full capacity, the coopers had employment at good wages; but in slack times the market was overstocked with barrels, forces were reduced in the cooper shops and wages were low. The coopers of Minneapolis, like journeymen coopers everywhere, were of the sort depicted in the opera of Boccaccio, a roystering, improvident, irresponsible set—transient and Ishmaelitish.

An individual exception—doubtless there were others—was an intelligent young journeyman C. W. Curtis by name. He believed that if the "bosses" were dispensed with and the associated mechanics could deal directly with the mills, they would gain both in wages and in the certainty of employment. In the spring of 1868 he persuaded William H. Reeves, George W. Sargent and Joseph Combs to join him in a coöperative experiment. They began simply and informally. No organization was necessary. Each owned his kit of tools, and there were no large initial outlays to be made. They rented a small shop that was standing idle, purchased barrel stock in small quantities and went to work. They arranged with one of the mills to take their product at a stipulated price. They allowed themselves the piece-price wages that the journeymen in other shops were getting, and divided the net profits. This division was not made on the *per capita* plan, nor based upon the trivial amounts of capital invested; but was in proportion to the amount of work done by each. The humble venture prospered during the few months of its persistence. It came to an end because the

demand for its product ceased. The mills were largely shut down, and there was no market for coöperative barrels. The experiment was in every respect a success. If the market had justified its continuance and permitted its expansion, new members would have been received and the company would have become regularly organized and incorporated. As it was, these first Minneapolis coöperators thought it expedient to sell their little concern to a boss cooper, who was fortunate enough to have contracts for his product, and who gave them work as journeymen in his shop.

Of the four, Mr. Curtis was the only one who knew anything about coöperation elsewhere. His brief experience in 1868 had been far from discouraging, and he was the more ready to try again when the occasion offered, as it did two years later. One Friday in the spring of 1870, the journeymen in the shop where Curtis was employed were informed that their wages would be reduced on the following Monday from fifteen cents to twelve and one-half cents per barrel. Monday found Messrs C. W. Curtis, F. L. Bachelder, Lawrence Stoker and his son Frank Stoker at work in a shop of their own. They had withdrawn from the "boss" shop, leased a piece of ground, put up a small building—or more properly a shed, and had secured a contract for 4,000 barrels to start with. Their aggregate cash capital at the outset was less than $100. They prospered beyond their expectations, and for a part of the time gave employment to two or three journeymen. The senior Stoker was made treasurer, but the shop had no formal organization and no other officers. It had been in operation for the greater part of a year when the promise of a large contract seemed to warrant its early expansion into a ten or twelve-hand shop. Unfortunately, the hopes of Messrs. Curtis and Bachelder were not realized. Their associate, Mr. Stoker, had not in him the spirit of a true and faithful coöperator. He ingeniously secured personal control of the desirable contract, and informed his associates that he was about to make his *debut* as a "boss" cooper. This *coup d'etat* on the part of its treasurer ended

the coöperative shop. Messrs. Bachelder and Curtis sold out to the Messrs. Stoker, and resumed the status of journeymen. The arrangement had been profitable while it lasted, and all parties were the gainers by it. It was the stepping-stone which enabled Mr. Stoker to become the proprietor of a large shop. And Messrs. Curtis and Bachelder had come out well pecuniarily and had profited still more greatly in experience.

At this time those experiments had just begun which have resulted in making Minneapolis the great flour-milling centre of America and of the world, and have revolutionized milling processes everywhere. The annual product had been less than 100,000 barrels in 1865, and less than 200,000 in 1870. The introduction of the new methods so stimulated the industry that the manufacture of 1873 reached nearly 600,000 barrels. The coopers naturally flourished under the expanding demand for their product. There was steady work at high wages. A coopers' union, organized as a branch of the International, was effective in securing the best possible terms for the journeymen from the bosses. More men were in constant demand, and Minneapolis became a cooper's Mecca. The journeymen seem to have held the reins from 1871 until 1874. The result might easily have been anticipated. The town became flooded with coopers. The bosses found it advantageous to keep twice as many men as were needed on the average, accommodating their product to the milling seasons and the fluctuations in the flour output. Employment at the cooper trade became uncertain and spasmodic. Not only were the journeymen obliged to forego steady work, but the bosses forced down the rate of wages. The union made its most vigorous fight without availing much beyond exposing its leading spirits to the enmity of the bosses and to unfavorable discrimination.

It was under these circumstances that the permanent coöperative movement began. Mr. Curtis and Mr. Bachelder had been convinced by their brief and informal experiment of three or four years previous, that they could make coöper-

ation succeed. They had also learned from the fate of that experiment, that there ought to be a business-like, formal and well matured plan of organization. To what extent their plan was of their own devising, and to what extent they were indebted to suggestions from other sources, it is impossible to say. Whatever they may have borrowed was, at least, thoroughly adapted by them to the exigencies of their own situation. Mr. James S. Rankin, who was well informed with respect to coöperation in England and elsewhere, and who took deep interest in the inception of the Minneapolis movement, may have furnished hints and documents that were of aid in drafting articles and by-laws. From the beginning Mr. Rankin has shown a greater interest in the movement than any other person outside the shops.

The most serious difficulty to be met at the outset lay in the securing of a market. The coöperative undertaking had to meet the active hostility of the proprietors of the boss shops, who had much influence with the millers and the business community, while the obscure coöperators had none. The coopers were members of a union in affiliation with the International Workingmen's Association. The Paris communal uprising was a recent event, and the International was synonymous in the minds of many people with red-handed French projects of social disruption. It is not very strange that the timid and ignorant conservatism of capitalists and business men should have vaguely connected a coöperative enterprise launched by trades-unionists with Communism and Socialism—those undefined evils so hysterically denounced and so shudderingly anticipated a dozen years or so ago. It seemed for a time as if the suspicious organization would have prenatal death from lack of public confidence. At length a friend was found in Mr. Charles A. Pilsbury, to-day the greatest miller in the world, and then a recent acquisition to Minneapolis. He promised the coöperatives the contract for supplying one of the mills he controlled, and on the strength of this promise the enterprise materialized. In November, 1874, the "Coöperative Barrel Manu-

facturing Company" was incorporated under the general laws of Minnesota and entered upon a business which has been more stable and prosperous than that of any non-coöperative coopering establishment which has ever existed in Minneapolis.

The First Coöperative Shop.

The Coöperative Barrel Manufacturing Company was organized by C. W. Curtis, F. L. Bachelder, Peter Kenney, J. W. Overacker and H. E. Roberts. Their names deserve honorable mention; for either in this parent association or in those subsequently formed they have been among the strongest pillars of the coöperative movement. Having secured the contract to supply one of the Pillsbury mills, they were in condition to open a shop and add to their membership. They began active operations with a brotherhood of sixteen men. A Minnesota law enacted in 1870 provides for the formation of coöperative societies. It probably owed its origin to the granger movement, being designed especially to facilitate the establishment of coöperative stores and distributive enterprises. Some of its features were not well adapted to the purposes of the coöperating coopers, and they preferred to organize under the general statutes in the form of an ordinary commercial corporation, or joint-stock company. The amount of capital stock was placed at $10,000, of which fifteen per cent. was to be paid when subscribed. Indebtedness and liability were limited to $1,500. Officers were to be elected annually by the stockholders. The real constitution of the society was to be found, of course, not in its articles of incorporation, but in its by-laws. In most of their essential features these by-laws have remained unaltered from the first, and have been adopted without fundamental alterations by all the coöperative shops subsequently established. They are exceedingly creditable to the clear-headedness and foresight of Messrs. Curtis and Bachelder, by whom they were principally de-

vised. Without attempting to indicate the changes of detail which have been found advisable since the inauguration of the movement in 1874, the existing by-laws of the Coöperative Barrel Manufacturing Company may advantageously be inserted at this point. They are as follows:

BY-LAWS.

ARTICLE I.

OFFICERS.

SECTION 1. The officers of this association shall be President, Secretary, Treasurer, three Directors, and Foreman.

OFFICERS' DUTIES.

President.

SEC. 2. It shall be the duty of the President to preside at all meetings of the members, and of the Board of Managers, to preserve order at such meetings, to decide all questions of order subject to an appeal to the house, to put all questions to vote, and give the casting vote in case of a tie. In the absence of the President at any such meeting the senior member present of the Directors shall act in his stead. It shall also be the duty of the President to sign all contracts entered into by this association, and all certificates of stock issued by it, to order the payment of all bids and claims against the company before the same shall be paid by the Treasurer, and shall keep a letter-press copy of all communications emanating from this association, in a book provided for the purpose.

Secretary.

SEC. 3. It shall be the duty of the Secretary to attend all meetings of the association, and make accurate minutes of all proceedings thereof, and record the same in a book provided for the purpose, and perform such other duties as usually appertain to this office. He shall keep an accurate account of all receipts and disbursements of the company, and a record of the amount of work done by each member, and the amount of money received for said work, and shall receive from the foreman and record a weekly statement of the amount and price of all work sold during each week. He shall make up the monthly, semi-annual and annual reports of the receipts and disbursements of the corporation. He shall keep a file of all bills, contracts and other papers belonging to the company. He shall countersign all contracts made, and all

certificates of stock issued by the company. His books shall be kept open at all times for the inspection of any member of the association, and shall, together with all receipts, papers, etc., of the association, be delivered by him to his successor at the expiration of his term of office.

Treasurer.

SEC. 4. It shall be the duty of the Treasurer to collect all moneys due the association, and to deposit the same, in the name of the association, in such bank or banks as it may from time to time direct. He shall pay out no moneys of the association without an order by the President.

Board of Managers.

SEC. 5. The Board of Managers shall consist of the President, Treasurer and three Directors, who shall conduct and manage the business of the association. The Board of Managers shall elect a secretary from their number, who shall keep a record of the proceedings of the Board in a book provided for the purpose, which he shall read when called for by the association, and which shall be open at all times for inspection of members. They shall, on the first day of May and November of each year, make out a statement of the standing of the association.

Foreman.

SEC. 6. It shall be the duty of the Foreman to act as foreman of the shops of the association; to inspect all articles manufactured, and once a week to render the Secretary an accurate statement of the number of articles manufactured during the week, and also of the number and price of all articles bought and sold.

INSTALLATION.

SEC. 7. All officers shall enter upon their respective duties the first Monday after their election.

VACANCIES.

SEC. 8. Any office of this association may be declared vacant at any regular monthly meeting, or at any meeting specially called for the purpose, by a two-thirds vote of all its members, and the vacancy thus made may be filled at the same meeting by a majority vote of the members present. The officer thus elected shall hold office during the remainder of the unexpired term of his predecessor.

ARTICLE II.

DUTIES OF MEMBERS.

SECTION 1. Any member of this association who leaves his berth when the shops are running on full time, to take work elsewhere, shall forfeit the right to the berth which he has vacated, but should a member leave during a dull season, when the shops are running on a stent, his berth shall be reserved for him until the foreman of the shops shall notify him to return.

Intoxicating Liquors.

SEC. 2. No person shall be allowed to bring intoxicating liquors into any shop of this association, or to be drank upon its premises.

Withdrawals.

SEC. 3. Any member, with the consent of the Board of Managers, may withdraw from this association by giving the Secretary notice in writing of his desire to do so, when his membership shall cease and be determined; *Provided*, he shall immediately surrender his certificate of stock to the President, and receive therefor a note with interest at the rate of five per cent. per annum for all moneys due him by the association, payable six months from date.

ARTICLE III.

FORFEITURE OF MEMBERSHIP.

SECTION 1. It shall be the duty of the Foreman to reject all articles made by members of the association when not made satisfactory, or according to instructions, and if any member shall refuse or neglect to perform his work in a workmanlike and satisfactory manner, the Foreman shall report to the President, who shall call the Board of Managers to examine said member's work, and if they deem it necessary, shall authorize the President to call a meeting of the company, who shall have the power to discharge said member from the employ of the company by a two-thirds vote of all members of the company.

ARTICLE IV.

STOCK.

SECTION 1. Each and every member of this association shall be a stockholder, and each member shall hold the same number of shares.

Transfers.

SEC. 2. No member of this association shall dispose of or transfer his membership without the consent of the Board of Managers, and all transfers must be made upon the books of the company.

Interest.

SEC. 3. Every subscriber shall pay fifteen per cent. down on each share of capital stock for which he subscribes, and interest on the balance at the rate of five per cent. per annum until fully paid, according to the last semi-annual and annual settlement, which interest shall be paid on the first pay days of April and October of each year.

Issuing.

SEC. 4. Stock may be issued by the Board of Managers when the members shall at any general meeting by a two-thirds vote so direct.

APPLICATIONS.

SEC. 5. No person shall be eligible to membership in this association who is not known to be a journeyman cooper, and of good moral character. The Board of Managers shall act on all applications for membership when so directed by the association, and shall have the power to accept or reject any application for membership in the association.

ARTICLE V.

DIVIDENDS AND ASSESSMENTS.

Settlement.

SECTION 1. The association shall pay five (5) per cent. interest per annum on the first pay days in April and October of each year on all moneys actually paid in on each share of capital stock at the time of the preceding semi-annual or annual settlement, as the case may be.

Appraisements.

SEC. 2. The real estate shall be appraised in each semi-annual and annual statement, and any loss or gain shall be divided *pro rata* per share.

Losses

SEC. 3. All losses by fire, or failure of any corporation or business firm, shall be paid *pro rata* per share.

Assessments.

SEC. 4. There shall be a regular weekly assessment of not less than three (3) dollars nor more than five (5) dollars upon each member when the shops are running on full time. When not running on full time, the amount and number of assessments shall be fixed by the Board of Managers, and such assessments shall be regularly made, and applied upon the unpaid stock of such member until the

full amount subscribed has been paid. Any member failing to pay his assessment shall be fined fifteen per cent. for each and every offense, unless a reasonable excuse be given to the Board of Managers.

Payment of Assessments.

SEC. 5. All assessments and fines levied by this association shall be paid on the first pay day thereafter, and shall be deducted from the weekly pay of the members. All losses, so far as may be, shall be paid out of the regular weekly assessment, and the balance applied in payment of subscriptions of stock.

Dividends.

SEC. 6. The Board of Managers shall, at the semi-annual and annual meeting held on the second Wednesday of May and November of each year, declare all dividends or losses, and the amount thereof. When a dividend is declared it shall be paid in cash within thirty days thereafter, to such members as have fully paid up all their subscriptions. Those who have not fully paid up shall have the amount of the dividend applied upon the unpaid balance of their capital stock.

Gains and Losses.

SEC. 7. All gains or losses on the work of hired help, or on the manufacture and sale of stock, shall be apportioned *pro rata* per member.

SEC. 8. All gains or losses not otherwise provided for shall be apportioned *pro rata* upon the wages received by each member.

ARTICLE VI.

DEATH.

SECTION 1. In case of the death of a member, this company shall pay to his lawful heirs, upon surrender of the certificate of stock, all moneys known by the officers to be due them.

ARTICLE VII.

AUDITING COMMITTEE.

SECTION 1. The association shall appoint a committee consisting of three members at the regular meetings in April and October of each year, to audit the accounts of the association, and report at the semi-annual and annual meetings.

ARTICLE VIII.

MEETINGS.

SECTION 1. The semi-annual and annual meetings of this association shall be held on the second Wednesday of May and November of each year. A regular monthly meeting shall be held on the first Wednesday of each and every month. Special meetings may be called at any time by the President, upon the written request of seven members of the company.

SEC. 2. Fifteen members may constitute a quorum for the transaction of business at any regular meeting. If less numbers appear at the stated meeting they may adjourn for future day.

ARTICLE IX.

AMENDMENTS.

Shop Rules.

SECTION 1. All shop rules adopted by this association shall be equally binding with these by-laws upon every member of this association.

Amendments.

SEC. 2. These by-laws may be amended at any regular meeting of the association, by a majority vote of all members of the association.

Among the most important features to be noted by the reader of this series of by-laws are those which provide that all members must be equal shareholders, and that the ordinary gains or losses of the business are to be apportioned not *pro rata* among the members, but in proportion to the work they have done. Losses and gains of a different sort, for example, those resulting from the work of hired help, from outside ventures undertaken by the association, gains from appreciation of real estate, or losses from fire or from non-paying creditors, are to be apportioned, equally among the members. The distinction between the two kinds of profit and loss, one kind affecting the men as capitalists and the other kind affecting them as laborers, shows keen economic insight, and has great practical value. So far as I am aware, coöperative societies elsewhere have not made this distinction. The provisions for

admittances and withdrawals are also worthy of careful examination, and I shall have occasion to comment upon them further on.

Such was the carefully wrought form and organization of the coöperative society which grew out of the brief experiences already described. The members, less than a score in number, made an initial investment of fifteen dollars apiece, and a share of stock was issued to each man, the full amount of which was to be made up by assessments withheld from weekly wage-payments. These assessments for some time were at the rate of five dollars a week upon each member, and thus capital accumulated rapidly. An old cooper shop large enough for thirty hands, with two quarter-acre lots, advantageously situated contiguous to the tracks of the Chicago, Milwaukee & St. Paul railroad, was soon purchased at a cost of $3,000, of which $1,000 was paid in ready cash, and the remainder two or three years later. It is interesting to note that in these early days of the enterprise there was not a little jealousy and distrust among the members. They lacked confidence in their own business capacity because they had never tested it; and it was with many doubts and misgivings that they committed to the hands of their elected treasurer the initial payments of fifteen dollars. The subject of official bonds was earnestly discussed. The fact that their officers had not standing or backing enough to secure bondsmen settled the question. There was a hundred times as much anxiety lest the first treasurer should decamp with the small sums entrusted to his care as has ever been felt with respect to any of his successors, who have sometimes had from $10,000 to $20,000 ready cash in hand at one time. No treasurer of a coöperative cooper shop has ever given bonds or has ever failed honestly to account for every penny, with one exception, as recorded in the next chapter.

The Coöperative Barrel Company prospered solidly and steadily. Its membership was not increased rapidly, remaining at less than twenty-five for some two years or

more. In 1877 five or six members, among them being Mr. Curtis, Mr. Bachelder, and other original coöperators, withdrew as a colony to found a new shop (the "North Star,") with a view to more rapid expansion than had been the policy of the "Sixth Street Shop," as the parent institution is generally designated among the coopers. The payment of the mortgage on the property, the starting of a second flourishing shop, and the continued growth of the milling industry and correlatively of coopering, had now seemed to place the coöperative movement upon an assured basis. It became popular, and development was no longer slow. The original company soon increased its membership to forty, then to fifty, and so on, its working capital being constantly augmented by weekly assessments and the issuance of new shares of stock from time to time. In 1880 the shop was destroyed by fire; but the loss of $3,000 was nearly covered by insurance, and the enterprise received no check. Larger and more convenient shops were built upon the constantly appreciating lots. In the spring of 1885 the membership had reached one hundred and twenty, and the paid-up capital amounted to about $50,000. Members had received their wages under a system that insured permanence of place, had in most years drawn gratifying dividends upon the safely invested capital which their weekly abstinence had accumulated, and could feel the pleasant assurance that whenever they chose to change their occupation or their residence they could withdraw from the shop without sacrifice and with cash for their shares. A large number of men, in fact, had occasion to withdraw in that very year. Labor-saving machinery, which was coming into general use in other places, had found its way into some of the Minneapolis shops. The sentiment of the coöperative workmen was against the introduction of steam machinery, but close competition made it necessary. The barrel partly made by machinery costs two or three cents less than the barrel made entirely by hand-work, and this seemingly slight

margin is large enough to make the difference between profit and loss in a business where competition is so severe as in coopering. The total business was of course limited by the demand of the Minneapolis mills, and the Coöperative Barrel Company could not expect materially to increase its proportion of that business. The work which required one hundred and twenty coopers without the aid of machinery, could be done by ninety coopers when hooping, heading and finishing was all that remained for the mechanic to do. At a cost of several thousand dollars the company put in machinery in 1885, and the membership was soon reduced to ninety.

Perhaps it may be well to notice somewhat particularly this curtailment of membership, as throwing a side light upon the methods and management of these coöperative companies. In a general way membership is self-regulative. Ordinarily, no cooper would care to join a company which already had more men than the business required, because such a company would be obliged to keep its members working at short time on "stint," and could not pay full wages, not to speak of dividends. And of course the company would refuse to increase its membership, excepting as business outgrew the working capacity of the shop. When membership stands at a maximum limit, new comers frequently buy out old members, with the consent and approval in each case of the board of directors, and thus there may be, and in fact is much shifting in the *personnel* of a society that maintains a fixed number of members. When the introduction of machinery rendered the membership of the Coöperative Company too large by one-fourth, it was perfectly easy to make adjustment upon a voluntary basis. Some men preferred to transfer their membership to other shops where business happened to be better. Others were glad to take advantage of the company's offer of full cash payment of capital to set up as merchants in a small way or as farmers on government or railroad land. In most cases, naturally, the men who with-

drew were recent rather than old members, bachelors rather than married men, and renters rather than owners of homes in the vicinity of the shop. The easy self-adjustment of membership to the conditions of business in these coöperative shops is a matter sufficiently noteworthy to justify this illustration.

The Coöperative Barrel Company has since maintained a membership of ninety. This does not include some twenty men and boys employed by the company as common laborers and in the routine processes of the machinery department. It should also be said that the company sometimes gives temporary employment to a number of journeymen coopers. The intelligent and efficient president of the company, Mr. M. J. Gill, informed me in March, 1886, that the company's real estate was valued at $23,000, that it owned a stave factory in Wisconsin worth $25,000, and that it had on hand materials and manufactured stock to the value of $10,000, making total assets of $58,000. Liabilities of all kinds amounted to $13,000. There was left a net value of $45,000, or $500 for each member. It should be remembered that retiring members had withdrawn a considerable aggregate amount of capital. The financial showing of the company must therefore be regarded as highly satisfactory. The stave factory in Wisconsin was purchased in 1883, all the members favoring the project. It has not proved a very profitable investment, and has convinced the coöperative coopers that they can ill afford to dabble in outside ventures. Mr. Gill pertinently remarks that a coöperative shoe shop would better not attempt running a tannery as an adjunct. The stave factory investment has not been in any sense disastrous, but it has not justified expectations.

Of the ninety members of the Coöperative Barrel Company, probably from sixty to seventy are married men. Mr. Gill informs me that fully nine-tenths of these family men own their own homes, their houses and lots being worth, on the average, $3,500. The entire membership were estimated as property-holders to an average amount of at least $3,000

by President Gill, and one of the directors is authority for the statement that nearly all the members have property worth from $3,000 to $10,000, while several have even more. It should be said that this very comfortable state of things is to be attributed in considerable part to the rapid increase in Minneapolis real estate values in recent years as well as to the direct benefits of coöperation. On the other hand it cannot be too emphatically urged that but for coöperation these men would not have acquired their little homesteads in the first instance, and would not have been so circumstanced as to profit by the advance in values. I do not know of a cooper outside the coöperative shops who has similarly profited. Certainly there are not many. Lots were originally sold to many of the coöperative coopers on deferred payments and at low prices by real estate dealers who were developing newly platted additions which are now well built up and valuable. It is interesting also to know, again on Mr. Gill's authority, that probably two-thirds of the members of his company who own homes obtained them through the aid of coöperative building and loan associations.

The present membership of this company includes about twenty-five men of American birth and parentage, thirty-five Scandinavians and twenty Irishmen, the remainder being of various nationalities. A large proportion are members of the Minneapolis Coöperative Mercantile Company, described in a subsequent chapter. It should be said that the Coöperative Barrel Company has absorbed two smaller coöperative shops of which no separate account need be given. The first of these was the "Excelsior Coöperative Barrel Company," which had about twenty-five members and was merged in the older and larger establishment in 1881 after a year's independent existence. The second was the "Union Coöperative Barrel Company." It was organized in the spring of 1884, and was absorbed by the Co-operative Barrel Manufacturing Company in the following December, its membership being about thirty-five.

The Other Shops.

The North Star Barrel Company was organized in October, 1877, three years after the Coöperative Barrel Company had begun business. Its incorporators were Peter Kenny, Daniel G. Wentworth, F. L. Bachelder, John O'Donnell and H. W. Burroughs; and C. W. Curtis, who had removed from the city, returned and joined the new enterprise. Three of these men, Kenny, Bachelder and Curtis, were among the originators of the coöperative movement and founders of the parent company, and the others were among the earliest members of the "Sixth Street Shop." The success of the "North Star," was assured from the first. It began with eighteen stockholders, each of whom was rich enough to take two paid shares of stock. This cash capital of $1,800 was rapidly augmented by assessments on pay-days and the issuance of more stock in lieu of distributing dividends. Well-located property was acquired which has steadily advanced in value. The company reached its largest membership in 1882. Early in that year it absorbed the "Liberty Coöperative Barrel Company," which had been incorporated a year previous and numbered about twenty stockholders. The membership of the North Star was swelled to a round hundred. Its contracts were so large during the year following that it employed, a part of the time, eighty journeymen coopers, paying them the same wages as its own members. In 1883 membership began to decline, owing to the smaller proportion of milling patronage that fell to the company. Early in 1885 the membership stood at 77, each member holding eight shares ($400) of stock, mostly paid up. In May of that year it was found that the competition of other shops required the immediate introduction of machinery. There followed, of course, a further reduction in membership, amounting, as in the case of the Coöperative Barrel Company, to about one-fourth. In March, 1886, there were 59 members, to each of whom eleven $50 shares of stock had been issued. Mr. Burroughs,

president, and Mr. Bachelder, secretary and treasurer, at that time estimated the value of the company's land and buildings at $25,000, its plant of machinery at $6,000 and the materials and manufactured stock on hand at $8,000—making total assets of $39,000. Deducting liabilities of about $4,000, there remained a net value of $35,000. The average annual product of the shop is about 200,000 barrels. The membership of the company in October, 1886, was fifty-six. These are nearly all married men, and it is estimated that about half of them own their homes. Some of the earlier members are in excellent circumstances, and the average is high. Not many of them belong to coöperative building and loan associations, but they are numerously represented among the stockholders of a coöperative store in the vicinity, as also are the members of the Coöperative Barrel Company. The predominating nationality in the North Star is German. There are several Scandinavian members and several Irishmen. Not so many are of American ancestry, but a large majority in the shop are men born on American soil.

The Hennepin County Barrel Company is one of the most enterprising and prosperous of the coöperative organizations. It was formed in March, 1880, with twenty-four charter members. This association was the outgrowth of strikes in the "boss" shops, and none of its original stockholders came from either of the coöperative shops then existing. It adopted *in toto* the organization and by-laws of its predecessors. Business was begun with an actual cash capital of about $600, or twenty-five dollars per member. A shop was rented on Nicollet Island, near the milling district, and after about six months a larger one was taken. The company flourished well, and in February, 1881, it increased its membership to fifty—drawing the new members from the non-coöperative shops—and bought property, at the same time amending its articles of incorporation and increasing the limit of authorized capital fram $10,000 to

$50,000. The purchase comprised what was known as the "Ames shop," and included four lots, two on the east side and two on the west side of the Chicago, St. Paul & Milwaukee railroad, with shops on the east lots and warehouses on the west. The price was $8,800, of which $100 was paid in advance and the remainder was provided for in a contract calling for monthly payments of $100, with the privilege of more rapid payment, at the company's option. The following year two additional lots on the east side were bought for $4,000, and the two on the west side were sold for $8,000. New shops were at once built at a cost of $7,500, to which additions have since been made. The "Hennepin County" preceded the other coöperative shops by a year or two in the introduction of machinery, and made the most of its advantage, doing a very large business and earning very considerable profits. Its membership, which in 1882 or the following year reached fifty-seven, remained the same until very recently. It is now (October, 1886) only fifty-two. Its president, Mr. O. V. Dubois, a man of rare intelligence and executive ability, informed me in March, 1886, that the company's buildings and machinery were valued at $18,000 and its land at $17,500. Its property was mortgaged for $10,000, but it had considerable investments in materials, etc., and its net assets amounted to about $38,000. Fifteen shares of stock (amounting to $750) had been issued to each member, nearly all of whom had paid up the full amount. During the past year or two the members of this company, like the other coöperative coopers, have been thankful for steady employment and living wages, and have not expected much reward in their capacity as capitalists; still there have been some profits to divide. In more prosperous years the company has been able to pay generous wages and, in addition, to declare semi-annual dividends amounting sometimes to more than $100 for each member. The shop makes about 400,000 barrels a year, and serves some of the Washburn mills. It is hard to conceive of more perfect system and economy than are found in the operation of this admir-

able shop. Every member works regularly in his "berth" as a cooper, with but three exceptions. One of these is the president, who is at the same time the foreman of the establishment, managing the work inside and the business outside. The second is secretary and treasurer of the company, who acts as bookkeeper, accountant and cashier. The third is occupied as superintendent of the mechanical department, where a number of hired men and boys are employed in routine and unskilled processes. About forty outsiders, occupied at common labor in the yards and the mechanical department, are on the pay-roll. The three members serving in the official positions specified, are paid salaries based upon the average earnings of the working coopers. The fastest workmen in the shop are somewhat better paid than the president. The men in this company are nearly all married, and about half of them own homes. A large number are members of coöperative building and loan associations, and a majority are stockholders in the Minneapolis Coöperative Mercantile Company. About half are Americans, about one-third are Scandinavians, and the remaining sixth are largely Irish. The members work together amicably, and although differences of opinion lead sometimes to warm debates in the monthly meetings, there is ready and reasonable acquiescence in the will of the majority.

Of the existing coöperative associations of coopers, the PHŒNIX BARREL MANUFACTURING COMPANY is fourth in chronological order. Its articles of incorporation date from the 15th of March, 1881. Its founders were in some sense forced into coöperation. Nearly all of them had been working as journeymen in the Ames shop, and were thrown out of employment by the sale of the property to the aggressive young coöperative society last described. They were bold enough to turn adversity into prosperity by imitating the course of the men who had appropriated their berths. They organized as coöperators and rented the old Stoker shop just vacated by the Hennepin County Association, which had

become possessed of the Ames property. They were as a rule young, unmarried men, and as impecunious as journeymen coopers generally are. They began with thirty members, each of whom made an initial payment of $15 on one $50 share of stock. In October, 1882, they leased ground and built shops at a cost of $3,500. From the first they have furnished the barrels used by the "C" mill of Washburn, Crosby & Co., and have turned out an annual product of about 150,000, worth about $60,000. Their membership still remains at the original number, thirty. It grew to thirty-seven at one time, but the requirements of the "C" mill do not justify more than a "thirty-hand" cooper-shop; and the Phœnix has been content with its one standing contract. The seven superflous members were bought out in February, 1886. This company is not large enough or rich enough to feel justified in purchasing a plant of machinery, and is at a slight disadvantage in doing hand work; but it has always been a successful shop. Like that of all the newer and poorer shops, its membership has been constantly changing, and in the present thirty are to be found only four or five of the thirty charter members. Through all changes, however, it has adhered to its original president, William Cutler, who is also foreman, and it regularly reëlects its treasurer. Five shares of stock had been issued to each member when inquiry was made in the spring of 1886, nearly all being paid up. The company's net assets were then placed at $7,000.

The Washburn "C" mill has needed the product of thirty coopers, at the market price for barrels. As coöperators, the thirty members of the Phœnix have had all the benefits of the contract. No capitalist, *entrepreneur*, boss or middleman of any description has come between them and the mill. In the form of better wages and fair semi-annual dividends they have received the profits that would have gone to a boss. And they have received larger profits in the aggregate, because their coöperative organization lessens the cost of production. It should be remembered that the $7,000 of net

property owned by the company is the smallest part of its success. Its shop is paid for, its working capital enables it to handle materials in advantageous quantities, and no further accumulation of company property would materially assist the thirty members in making 150,000 barrels a year. The principal success achieved in this as in all the coöperative shops has consisted in the larger annual income of the men and in the indirect advantages, material as well as moral, that flow from regularity and permanence in work. The Phœnix has certainly won an unqualified success. About two-thirds of its present members are married, and five own residence property. These men have not had the same advantages for acquiring homes as the members of the older shops, owing to the marked appreciation of property in the part of the city where their shop is located. Americans largely predominate in the Phœnix shop, Germans coming next in number.

The Northwestern Barrel Company was formed in December, 1881, by forty journeymen coopers who had gone out on a strike from Hall & Dann's, the largest of the non-coöperative shops. They profited fully by the experience of the older coöperative shops, adopting their organization without material innovations. Each member made a cash investment of $15, and so the company began with a paid up capital of $600, the maximum amount authorized in the charter being $5,000. Three lots were bought at a cost of $1,800, and a $2,000 shop was built immediately. By assessments of two dollars a week deducted from wages, the capital grew rapidly. In the winter of 1882 the company put its entire indebtedness into the form of a five years' mortgage loan of $2,500. It had accumulated some working capital with which to handle material, and had paid $1,300 on its property. The land has greatly increased in value, and $2,000 more has been expended in enlarging the buildings, for which no debt has been incurred. The property is now worth more than $10,000, and is free from encumbrances,

excepting the mortgage of $2,500. Including value of machinery, materials and manufactured stock, the net assets of this company amount to fully $15,000. In the fall of 1882 the membership was increased to fifty. Soon afterwards it was reduced to forty-five, and has remained at that number ever since. In the spring of 1886 there had been issued to each member seven $50 shares of stock, nearly all of which was paid up. The shop supplies two mills of about average capacity, and is equipped with good machinery. It employs about fifteen outside men and boys. It has been a very harmonious and prosperous enterprise. Although only three or four of the original members remain, the efficient president, A. J. Palmes is reëlected from year to year, and Thomas Flanerty is kept continuously at his desk as secretary. The president acts as shop foreman. The secretary as bookkeeper, is as methodical and correct as any bank official. The treasurer spends about one day in the week in performance of his duties, and is allowed pay for his time. Otherwise he works with his fellow-coopers. The evidences of thrifty and economical management in this shop are very gratifying, and the courtesy and intelligence of officers and members must impress the visitor. Notwithstanding the ruinously low price of barrels, for the past year or two, the company has earned fair profits on the capital invested. In its earlier years, the market being favorable, its earnings were large. During a half year in 1882, when the capital was very small, the company paid its men excellent weekly wages and earned net profits of $1,500—nearly equal to the entire cost of its land and probably about one hundred per cent. on the amount of paid-up capital. Not more than half a dozen of the forty-five members are unmarried, and a majority own their homes. From fifteen to twenty are Scandinavians, about half a dozen are Germans, several are Irishmen, and the rest are Americans. Though a little younger than the Phœnix, the Northwestern shop has surpassed it considerably. It began with a larger membership and larger contracts than the Phœnix; but its greater

prosperity is doubtless due to the fact that it chose a location more remote from the mills and from the old cooper shops. It went further down the railroad track and bought cheap lots, which have since appreciated handsomely. Its members were also able to secure residence lots in the vicinity at small prices and on favorable terms of payment. The greater distance from the mills has been in no respect disadvantageous. The "Phœnix" shop, on the other hand, was built upon land leased for ten years in a neighborhood where its members could not easily become the owners of residence property.

The five shops already described are all in south Minneapolis, contiguous to the Chicago, Milwaukee & St. Paul railroad. The shop of the MINNESOTA BARREL COMPANY is in northeast Minneapolis, close to the tracks of the Duluth railroad. The company was organized in March, 1884, drawing most of its members from boss shops in the immediate vicinity, although several had been members of other coöperative shops. It began with thirty members, each of whom invested fifty dollars in cash and received a paid-up share of stock. A shop was rented for the first year, but in the spring of 1885 three lots were purchased at $750 each, and a building erected at a cost of nearly $2,000. The shop was paid for in cash, and a first payment of $500 was made on the lots. The net assets of the company now (October, 1886) amount to about $7,000. In the winter of 1885–6 the membership reached thirty-seven. The company's business, however, failed to justify the retention of so many members, and thirteen voluntarily withdrew, accepting the company's notes at six months without interest for their shares. One has since withdrawn and the number of members is twenty-three. The shop has not introduced machinery. At the outset its members were nearly all single men; but married men have been buying them out one by one until they are in the majority. Six or more own their homes. The number is made up of Americans, Scandinavians, Germans and Irishmen. The presi-

dent, J. W. Kline, was at one time president of the Co-operative ("Sixth Street") shop, and also served the North Star in the same capacity for a term. The president acts as foreman and has a salary of fifteen dollars a week. The secretary, who is also treasurer, is paid eight dollars, and ekes out his income by making barrels at the regular piece-price wages. If this shop has not been as brilliantly successful as its founders had hoped, the depressed condition of the trade and the extraordinary pressure of competition sufficiently account for it. Its members have been incomparably more fortunate and prosperous than their fellow-coopers working in neighboring boss shops.

The ACME BARREL COMPANY, the youngest of the coöperative flour barrel shops, dates from May, 1885. Its members were working as journeymen for a proprietor named Stevens. There had been dissatisfaction on both sides, and it was finally arranged that the men should organize as a coöperative association and lease the shop; Mr. Stevens being paid a stipulated price for operating the machinery with which the establishment was equipped. Forty members entered the association, each taking a fifty-dollar share of stock and paying as much cash as he could. Nobody advanced more than twenty-five dollars, and some were unable to make any initial payment. A capital of $625 was made up, however, and it grew by weekly assessments of two dollars. The Stevens arrangement was only a temporary one. In August, three months after its incorporation, the Acme company bought five lots adjoining the Manitoba railroad tracks on the outskirts of the city for $2,700, paying $200 down and obtaining five years' credit for the rest. Lumber was purchased and paid for, and the members built with their own hands an excellent shop at an outlay of only $2,200, moving into it in September. In November, at the end of its first half year, the company was able to make a dividend of $600, which was all paid in on capital stock. The second half year was bogun with forty-nine members;

but there was prospect of light work for the winter and a number withdrew, reducing membership to thirty. At present (October, 1886) the membership is twenty-five, and business necessitates the employment as journeymen of fifteen more. The shop has not yet invested in machinery. Three fifty-dollar shares of stock have been issued to each member. A large majority of the men are married, and many of them have taken advantage of the newness of the neighborhood to acquire homes on advantageous terms. Most of them are paying on the installment plan. The success of this new company has been very marked, in view of the extremely hard times the coopering trade has experienced ever since its organization. Its affairs have been carefully and economically managed, and its members have worked energetically and unitedly.

All the shops hitherto described are engaged exclusively in the manufacture of flour barrels for the twenty-three Minneapolis mills. The TWIN CITY BARREL COMPANY works in an entirely different field. It does "tight" coopering of all kinds. Organization was effected in January, 1886, with ten members, each of whom invested fifty dollars in one share of capital stock. The men were nearly all former members of the "Sixth Street Shop" (the Coöperative Barrel Company), and the by-laws of that shop were adopted with immaterial alterations. A profitable business was secured at once, and the membership was soon increased to fourteen, the shop being the largest in its line in the city. The men worked with spirit and ambition, willingly paying assessments of from three dollars to five dollars a week from wages of twelve dollars, in order to build up capital and acquire the varied machinery necessary to the equipment of a large shop engaged in miscellaneous coopering. In a few months each member had acquired three paid-up shares and the fourth had been issued. The shop was making a specialty of butter tubs, and was doing a good business in pork barrels, vinegar, cider and whiskey barrels, beer kegs, etc. It owned $1,500 worth of machinery, practically all paid

for. The rapid growth of the business was confidently expected. These expectations have not yet, however, been justified. Trade slackened during the summer, and more than half the members found temporary employment elsewhere, retaining their membership in the company and sending in their weekly assessments. A visit paid the shop on October 6th found only five men at work. The company had recently suffered from a fire—machinery and completed stock being injured to the amount of $1,200, of which only $400 was covered by insurance. A more deplorable misfortune had befallen the association. The treasurer failed to appear one day, and has never been found. His disappearance cost the company only about seventy-five dollars, which was of trifling consequence; but the man had been trusted implicitly, and his conduct made the first blot on financial record of the coöperative shops, whose treasurers had handled millions of dollars in the aggregate without bonds and without a penny of defalcation. The treasurer of the Twin City Company was also treasurer of the Coopers' Assembly of the Knights of Labor. It is not believed that his dishonesty was premeditated. He had fallen a victim to the fascinations of "poker," and it is believed that, having lost the money at the gaming table and finding it impossible to replace it, he dared not face the consequences and ran away. His former associates have no harsh word to say concerning him. The Twin City Shop holds on courageously in spite of depressed trade and disheartening competition. It expects a winter business that will employ all its members, and is planning to build its own shop next spring, when its present lease will expire. Its line of business is more precarious than the flour-barrel shops, but it is unquestionably an advantageous field for coöperation; and with the increase of its facilities and the growth of the city, the Twin City Shop may expect enlargement and prosperity. Mr. N. E. Treat has been president from the first, and is now acting as treasurer—a convenient arrangement inasmuch as the business of the shop takes the president to the

places where bills are to be collected. The superior quality of the work done in this shop is admitted. As its facilities are improved it can compete for work at outside points and greatly enlarge the scope of its business. In this respect, obviously, it does not labor under the limitations of the flour-barrel shops.

The System and its Results.

In every aspect the coöperative flour-barrel companies of Minneapolis have been successful. They have been much superior in stability and strength to the other shops. Their form of organization really defies competition. Coöperators are workingmen, and they work for wages. Profits are pleasant and desirable, but only incidental. They are not necessary to the success of a coöperative establishment in which labor is the large element and the investment of capital chiefly important as securing steady employment for the worker and relief from the uncertainties and exactions of employment at the hands of a boss. A coöperative shop can run successfully for an indefinite period and market its product at absolute cost—by which is meant the price of the materials plus the piece-price wages of the men and plus a small margin for general expenses and shop maintenance. It can do better than this. It can market its product at much less than the cost of manufacture in a non-coöperative shop, because its men in their capacity as proprietors and capitalists can, for the sake of future advantage, cut down their own wages as workingmen to the point of bare subsistence and keep them there for a considerable time with much fortitude and cheerfulness, and without danger of degredation. Many a business man, in a critical time, makes great curtailment of personal and family expenditures. He contents himself with the smallest possible wages in order to preserve his business capital intact or to gain some commercial advantage. Coöperators can do practically the same thing. A boss, hiring a force of journeymen, cannot reduce wages below a certain point

without incurring the risk and expense of a protracted strike. This is no mere theory. The competitive superiority of the coöperative system has been thoroughly exemplified in Minneapolis. Some one will perhaps ask at this point why any "boss" shops remain in the city. The question is very pertinent; and to answer it will be to explain the nature of the hardest problem the coopers of Minneapolis have had to face—a problem still unsolved.

Taking the country "by and large," the coopering trade is declining. This is due in part to the manufacture of barrels in large shops by the aid of machinery, reducing the number of coopers by twenty-five or thirty per cent. It is also due in considerable part to the use of sacks and boxes and other packages in relatively larger proportions. Minneapolis is one of the few points in the country where the coopering business has largely increased within a few years. Naturally the place became a coopers' Mecca. Too many came, and severe competition ensued. The recent somewhat general introduction of machinery in the Minneapolis shops threw more men out of work than the growth of the milling industry could reëmploy. Bosses have taken advantage of the situation to make limited contracts with the mills for barrels at a very low price. Their policy has been to work their shops to the fullest capacity during the active milling season, paying the lowest possible wages, and closing entirely or at least discharging the bulk of their men during the dull part of the milling year. The coöperatives have been obliged to meet the low price of barrels in order to keep their contracts. Their superior organization has enabled them to make a better article than the boss shops at the lowest of prices. The chief sufferers are the journeymen in the boss shops, whose wages are very low and whose employment is very precarious. The coöperatives also suffer both as capitalists and as wage-earners. Journeymen and coöperatives together constitute a Coopers' Assembly of the Knights of Labor. Attempts have been made through that order to increase wages, but without

much avail. The coöperatives cannot join the journeymen in a general strike because they have interests as capitalists. The journeymen cannot effect anything by separate action. Obviously the associated millers hold the key to this curious and complicated situation. If all the coopers in the city were journeymen, wages could be forced up by a general strike at a time when the daily demand of the mills was large and imperative. If all were coöperatives it would be comparatively easy to agree upon a scale of selling prices for barrels. The millers seem to think that it is to their interest to give a part of their contracts to the boss coopers. The coöperatives would fill those very contracts with a better article at a lower price. But if the coöperative method of production were allowed entirely to supersede the old boss system, as it would easily do if the law of the survival of the fittest could have uninterrupted action, the result might be an advance in the price of barrels. There would remain a healthy though not ruinous competition among the different coöperative shops, and there would always be the possibility of resuscitating the boss system; so that the millers could suffer no material disadvantage from permitting coöperation to prevail. They really prefer, I believe, to deal with the coöperative shops, acknowledging the superiority of their goods in workmanship and material and their greater reliability in business dealings. They have been disposed to deal fairly and considerately with the coopers, and always protest that they are willing to pay fair prices for barrels. But while the present competition between the two classes of shops remains, there seems little hope for the return of such wages and prices as prevailed a few years ago. Coopers now get from eleven to thirteen cents wages for a hand-made barrel, whereas they used to get from sixteen to twenty cents.

As the manuscript of this sketch is about to be forwarded to the printers, the journeymen coopers are in the midst of a strike and the situation is a most anomalous one. For months there had been unavailing attempts to secure the

increase of wages to sixteen cents. The coöperatives, of course, were as desirous as the journeymen to attain this object. About the middle of October the journeymen struck, and the coöperatives stopped work as if in accordance with a previous understanding. A strike of switchmen in the railroad yards, which came a day or two later, practically interrupted all movement of wheat and flour, and forced the closing of the mills. The demand for barrels ceased simultaneously, and the coopers' strike was thus robbed of all its potency. With the full resumption of railroad traffic and the reopening of the mills a week later, the coöperative shops began work again in fulfillment of their contracts, the journeymen still holding out. There are now four non-coöperative shops—a very large one equipped with machinery and employing about one hundred and thirty-five men at the time of the strike, and three small ones without machinery, having in the aggregate about sixty-five men. The coöperative shops employ, in round numbers, four hundred men as against two hundred in the other shops. The most likely effect of the present trouble would seem to be the transfer of more business to the coöperative shops; but nothing can be safely predicted. A very persistent attempt has been made to secure the adoption of a pooling system. The plan proposed would have included all the cooper shops in the city. Business would have been apportioned among the shops upon the basis of their membership at the time of the strike, allowing one-third more business, relatively to membership, to the shops having machinery. One person, as agent of the pool, would have been charged with the selling of barrels and the purchase of stock. The proposed selling price was thirty-nine cents, which would justify wages of sixteen cents. A board composed of representatives from each shop would have had control of the management. All the shops consented to the plan excepting the two oldest coöperative establishments, which were on November 1st to enter upon contracts for the entire supply of the Pillsbury

mills, and were unwilling to sacrifice their advantageous prospects. I am inclined to believe that the pooling system would have been successful and beneficial, in view of the peculiarities of the market. As matters now stand, there seems no prospect, for the immediate future, of anything else than the continuance of harsh competition and the present low scale of wages and prices.[1]

It is under just such depressed conditions, however, that the real strength of coöperation is best exhibited. If there is a penny to be made in the manufacture of barrels, the coöperatives make the penny. They use honest materials, and do thorough, honest work; but every man has the spirit of a proprietor and works for the good of the shop. There is no waste of material. Piecework, of course, in any case conduces to industry. This is especially true in the coöperative shops, where the men are in some danger from overwork. Nobody is allowed to work more than ten hours, and every man is in his berth on the minute. Each places his mark upon every barrel he finishes, and is held responsible for defective workmanship. The organization is as close and economical as possible. The secretary—who is also bookkeeper and a very useful and busy person—is in most of the shops the only man who does not perform manual labor; and in one or two shops he also works in his berth a part of the time. The president acts as general buisness manager and generally also as foreman. He supervises the counting and loading of the barrels hauled daily to the mills; he attends to the purchase of stock, and is never an idle figurehead. The directors are paid hourly wages for the limited

[1] Since the above was written, the strike has terminated successfully for the coopers. The proprietors of the four shops were asked to sign an agreement to pay on the basis of fifteen cents for making hand-made barrels. The coöperatives paid the journeymen full wages for staying out, and the owners of the large shops at length followed the other "bosses" in signing the scale. Considering the difficult character of the situation, the victory is a most remarkable one.

time their official duties require. President and secretary are paid weekly salaries which are somewhat better than the average earnings of the members, but less than the earnings of the fastest workmen. Watchful interest keeps incidental expenses at a minimum.

The business methods of the coöperative shops are admirable and their credit is high. Manufacturers of coopers' stock find the coöperatives their most satisfactory customers. The Minneapolis banks seek their patronage and are ready always to give them accommodations. The books are open to the inspection of every member, and the semi-annual report fully reveals the condition of the company, so that there is no chance for suspicions and uncomfortable surmises. Everything is kept fair between older and newer members. Careful revaluations of the real estate are made frequently, and if there has been any advance it is equalized by crediting the stock account of each member. Depreciations and losses are squarely faced and made up by assessments. Consequently a retiring member withdraws a full and equitable portion, and an incoming member pays neither too much nor too little. Usually the new comer has bought out a retiring member and assumes his status; otherwise there is issued to him the amount of stock held by the other members, and he is charged interest (usually at the rate of six per cent.) until he has paid up his shares. His semi-annual dividend, as well as his weekly assessments, are credited to his capital stock account. If he withdraws before his shares are all paid up, he receives precisely the amount that has accrued to his credit. The principle that all members shall hold the same amount of stock is thus firmly maintained. The retiring member is entitled by the rules generally prevailing in the shops to a six months' note drawing five or six per cent. interest if the company finds it inconvenient to pay cash. Very properly all gains and losses from advance or depreciation of property, from fire, or from the failure of any business firm or corporation, are apportioned *pro rata* among the members. But the ordinary

gains and losses in the business are distributed in proportion to the work done, *i. e.* to wages. The man who makes the most barrels not only receives the highest wages, but also the largest dividend, if the business has been profitable. If the half year's business has been unprofitable, the man who has drawn the largest amount in wages is assessed accordingly to make up the deficit.

Coöperation has developed business capacity in the men which they were not aware of possessing because they had never tested it. The conduct of the shops from the governmental point of view may well encourage one's belief in democracy. Sound judgment almost invariably prevails. Tried and accepted officers are kept at their post year after year, and there is a minimum of jealousy. Dissension is almost unknown. Differences of opinion are not infrequent, but the will of the majority is acquiesced in without strain. The system is an excellent discipline. It trains all the members to an understanding of ordinary business methods and transactions, conduces to moderation, patience and self-control, and fits for the duties of citizenship.

It is worth while to remember that the three or four hundred men now stockholders in the companies are only a small minority of those who have enjoyed the benefits of the system. These shops may be likened to schools continually sending out their graduates. It would be interesting to know the number of different individuals who have at any time been members of the shops. My information does not cover that point; but I should venture to guess that the "graduates" are from five hundred to a thousand. Coopering is becoming a poor trade for reasons that have already been assigned. Declining demand for their product is forcing many coopers into other employments. Happy are those who, as members of a coöperative shop, retire voluntarily because they are in condition to better themselves. The company has served them as a compulsory savings bank. It has accumulated for them the ransom-money with which to buy their industrial freedom, and has trained them for the

safe and successful use of that freedom. A recent English work on practical economics entitled "The Wealth of Households" very fittingly says: "The workman of our day is yet, to too great an extent, without either the wealth that provides for the morrow, or the wealth that is as a tool wherewith to make more wealth. . . . . Let him learn to regard the possession of a year's subsistence in advance as what it truly is: The due purchase of his freedom as a member of the great industrial community to which he belongs. It is the lowest price, at which, in fact, that freedom can be had. It is the price which all who have it have paid, or had paid for them, in time past. It is not beyond his means; for thousands of his class are daily paying it, from means drawn wholly from weekly wages." To do it in so meanly remuneratively a trade as coopering must require regularity of employment and an uncommon tenacity of purpose; and the journeyman who ever gets six months ahead in the world is very exceptional. Still more exceptional is the one whose little start is not sooner or later sacrificed by loss of employment, sickness or other contingency. In Minneapolis coöperation alone has enabled the coopers to save. Those in the non-coöperative shops have not saved. The regular weekly assessment of $2 or more withheld from wages, to which is added all dividends until stock shares are fully paid for, compels the member to become a capitalist in spite of himself. If he remains two or three years he will retire with savings of several hundred dollars, and with the well-grounded habit of saving. A large number of "graduated" coöperative coopers have become farmers; and from a berth in a cooper shop to the proprietorship of a farm is a distinct advance. The farmer who is not too heavily mortgaged is more secure in his "freedom as a member of the great industrial community" than any other man. But to become a farmer something more than one hundred and sixty acres of free land is necessary. Transportation of family and effects costs a round sum. A cabin must be built. Horses, a wagon, a plow and other utensils are

absolutely necessary. The means of subsistence must be procured while the farmer awaits the maturing of his first crop. The wage-worker who has saved a few hundreds may become a farmer. The one who has not, finds it a practical impossibility. Thus a sojourn of three or four years in a coöperative shop has made farmers of many coopers. Others have launched forth into small mercantile enterprises, well prepared to conduct them successfully. For in the coöperative shops every member becomes, more or less, a business man. Even those who do not serve their turn on the board of directors have the benefit of participation in the monthly meetings, and acquire familiarity with all the business details of the large establishment in which they have a proprietary interest. The value of the business education thus acquired can not easily be overestimated.

The coopers themselves are emphatic in saying that the moral effects of their coöperative movement constitute its highest success. It has unquestionably wrought a transformation in the character of these craftsmen. They are no longer a drunken, disreputable guild, figuring in the police courts and deserving the disfavor of the community. They have become a responsible and respectable class of citizens. Their sympathies are with law and order and public morality. They are Knights of Labor, with few exceptions, but are always opposed to violent or unreasonable methods; and their influence upon the whole body of Minneapolis Knights, which is very large, is strong and salutary. They find in their own craft that they must work ten hours a day in order to earn enough to support their families; and while for most excellent reasons they desire an eight-hour day in all industries, they clearly perceive actual difficulties and deprecate all rashness. One of their number, Mr. H. L. Bachelder, has been a member of the state legislature for four years, and his good judgment and absolute trustworthiness have made him a valuable member. A process of natural selection has brought together the best men in the coöperative shops, and their superiority in intelligence,

morals and pecuniary responsibility over the journeymen in the non-coöperative shops is conceded. Coopers have repeatedly said to me that their coöperation has won its great success in the making of men. It has made them provident and temperate. It has replaced self-distrust with self-reliance and self-respect. To most men, sweet are the uses of prosperity. The acquisition of a bit of residence property, a proprietary and responsible interest, however small, in a prosperous business establishment, the receipt of wages and dividends sufficient to clothe wife and children neatly and respectably, will astonishingly improve four workingmen out of five in mind, in morals and in manners.

It may be worth while to remark that coöperation is not a religion with these coopers. They are not experimenting for the benefit of humanity. One of them might withdraw with his savings and set himself up as the proprietor of a boss shop without the slightest twinge of conscience or the remotest chance of being charged with the sin of apostasy. The president of one of the smaller shops had formerly been a member of one or two of the older and larger establishments, and withdrew to found a shop of his own in another town. He failed in the business, for some reason, and came back to coöperation in Minneapolis. And his case is not a solitary instance. Any cooper is ready to bid farewell to his berth, his mallet and his well-worn apron when something better clearly presents itself. They believe heartily in coöperation because the system benefits and elevates workingmen; but they are not on bad terms with society as they find it about them, and are entirely willing to step out of the ranks of handicraftsmen and wage-workers whenever opportunity permits. They recognize no impassable gulf severing industrial and social classes. Their advancement to the dignity of capitalists, employers or brain-workers is not a repudiation of the coöperative system, but the highest possible compliment they could pay it. In nothing is their sound American sense better shown than in their practical, every-day view of their form of organization as something

exceedingly useful and valuable for what it has done and is doing, but not as anything sacred or worshipful. So far as I know, the movement has never had a social philosopher or a hobby-riding "reformer" connected with it, and nobody who ever thought of idealizing it into a cult.

On the whole, the movement has been a financial success. Mr. Jansen, now manager of the coöperative store, who was for ten years a coöperative cooper, tells me that in addition to his wages, which averaged decidedly better than those in the non-coöperative shops, he received dividends every year, amounting to $250 in one or two years and never falling below fifty dollars. These dividends were not reinvested in the business, for after reaching a certain point the shops need no further accumulations of capital. Mr. Jansen sold his shares for $750 when he withdrew, and he had taken out from time to time a much larger aggregate sum in dividends. Mr. Curtis, of whom I have already said much, and who is now connected with the city police department, testifies to a similar experience and says that other of the older members, perhaps many, have drawn out more in dividends than they have ever paid in on their capital stock. For the past two or three years wages have been small, dividends light, and the money-making outlook discouraging. But money-making is not the real test of success in coöperation. The strength of the system in the face of bitterly hard times is its best commendation. Financial prosperity lends a fascinating glamour to enterprises of this kind, but true success, which is moral in the broadest sense of the word, can best be estimated when that glamour is removed. The coöperative shops have developed men who can endure the test of hard times.

In conclusion, let me draw a very few generalizations from the results of coöperation in Minneapolis. It has proved superior in economy of production. All the flour barrels used in Minneapolis would be made in coöperative shops if competition were allowed to settle the question. A coöperative shop has no "*entrepreneur*" or middleman to

support; it is satisfied if its men make good wages; it turns out better work with less waste of materials, and it does not have to calculate any margin for such contingencies as loss through strikes or labor difficulties. Coöperation has proved that workingmen can do business safely and well, and that they have an instinctive caution and conservatism that causes them almost invariably to reject specious and unsound methods in business. Again, it has proved that workingmen can work together amicably, regardless of creed or nationality, and that the democratic organization of their industry teaches them to respect the rights and opinions of one another, and to treat their associates with courtesy. It may be fairly inferred that coöperation is entirely applicable to the coopering trade in other places where the demand is reasonably large and the market not subject to peculiar restrictions. Thus in flour-making cities like Milwaukee, St. Louis, Rochester and New York, coöperative cooper shops ought to find scope. In pork-packing cities like Chicago, Kansas City and Cedar Rapids there might be opportunity for coöperative pork barrel shops. In cities and towns where cement and lime are important products extensive cooper shops are necessary, and coöperation ought to be feasible. In the whiskey region of Kentucky, in the sugar and molasses region of Louisiana, in the dairying districts of Illinois and Iowa where butter tubs are largely used, and in the great brewing centres, there would seem to be a field for coöperative coopering. In small places the circumstances must be taken entirely into account. Barrels are too bulky to be shipped far, and coopers are dependent upon their local market. In villages where a single mill or other customer exists, the cooper shop is generally controlled as an appendage, and coöperation would be impossible without the good will of the miller or other customer.

The Minneapolis coopers believe as a result of their observation and experience that coöperation would be successful in a wide range of industries. Their own has the advantage of being a simple, old-fashioned trade, in which each man

does the same work and finishes the product, and in which labor rather than capital has the chief relative importance. But they would not hesitate to recommend coöperation for more complicated industries. Boot and shoe factories, sash, door and blind mills, tailoring, furniture-making and hat factories are lines of manufacture in which they suggest that coöperation is feasible. Where piece-work is possible the coöperative system is obviously more applicable; but it does not follow that it would be inapplicable in industries which require large subdivision of labor. It may be regarded as essential that each man have an equal voice in the management of the enterprise; it is desirable, but not essential, that all should be equal owners. Coöperation is easily seen to be less applicable in lines of production where capital has greater relative importance than labor; where quality of workmanship is of little or no account; where the speculative and uncertain elements in price are very large, as in the iron industry; where the market is remote, variable and peculiar, and success is much more largely dependent upon commercial than upon industrial advantages and conditions.

A Western professor, who has few superiors as a political economist and a sagacious observer of social phenomena, is accustomed to say that large success in coöperation must await "the development of the coöperative man." I believe that all conditions are now peculiarly favorable to his development, and that his advent will be a realized fact almost before we are aware of it. The laws, customs, opinions and traditions that have given industrial society its present form, are undergoing very material modifications. Meanwhile the wage-workers, in their labor organizations and in other ways, are becoming trained for an improved regime. They are gaining the self-mastery, the mutual confidence and the power to act in unison that are marks of "the coöperative man."

CHAPTER II.

A COÖPERATIVE AGRICULTURAL COLONY.

Another of the enterprises which owe their origin directly or indirectly to the coöperative movement among the coopers of Minneapolis, is a coöperative agricultural colony. Its founder is Mr. J. S. Rankin, a life-long advocate of coöperation, and the patriarch of the movement in Minneapolis. For many years Mr. Rankin was a journeyman printer. Afterwards he was engaged in educational work, and in the publication at Minneapolis of a weekly paper, *The Minnesota Mirror*, "a journal of coöperative progress and industry." He is a poor man and the strength of his life is spent; but in old age he embarks with courage and enthusiasm upon an undertaking of great moment, and one which at the outset involves many practical difficulties and hardships. Agricultural coöperation has long been Mr. Rankin's favorite prescription for some of the worst evils of our present social system. He does not propose an ideal reorganization of society in which everybody shall have to take a place, and his views are not those of the Utopian school of communistic philosophers. But his observation and study have convinced him that the land is the best basis for coöperative production, and that no other form of coöperative activity can be so successfully and easily managed, and so fruitful in good results as that of an agricultural community.

The drift towards population-centres is rightly viewed with solicitude by thoughtful men. The cities must always attract the strongest and most ambitious. But the intense and artificial life of the city wears out mental, moral and physical force. There should be freer circulation between

city and country. The thousands whom the relentless struggle of city life is driving to the wall, ought to find escape into the country. They cannot go independently. They do not know where to go. They cannot acquire and cultivate land without capital. There are thousands of unsuccessful men even in our western cities, within a few hundreds of miles of free government land, for whom it is as impossible, practically, to become farmers as to become European emperors. They would gladly betake themselves with their families to the health, hope and peace of a life in the country if the way were opened.

Mr. Rankin and many of the Knights of Labor of Minneapolis believe that coöperation may furnish the desired avenue from poverty, sickness and defeat in the city to competence, health and success in the country. They have determined to demonstrate it for their own benefit and for the encouragement of others. Their lack of means has prevented an imposing and showy beginning, but they have not shrunk with false pride from a humble start. The enterprise is in its first year, and has only fairly entered upon the necessary stages of rude pioneering. It is not, therefore, to be estimated by its attainments or statistics, but by what, on the whole, appears to be its real potentiality. Let me describe briefly the history and nature of its organization, its physical basis, its *personnel* and its present status.

In December, 1883, "The Coöperative Land Association" was organized by leading members of the Minneapolis Knights of Labor, and its corporate existence began on the fifteenth day of March, 1884. The object of the association was said in its articles to be the purchase and sale of lands and mortgages. Whatever may have been originally contemplated, it soon came to be understood that the association should furnish Mr. Rankin the land upon which to put into practice his plan of agricultural coöperation The land company had been formed at a time when workingmen had few extra dollars to invest in general or

uncertain enterprises, and it would probably have been dissolved but for its adoption of Mr. Rankin's project, and the earnest interest of several members in the materialization of that undertaking. Mr. J. P. McGaughy, District Master Workman of the Knights of Labor, Messrs. T. W. Brosnan and John Lamb, president and secretary of the Land Association, and still others, gave the matter their hearty assistance; and chiefly through Mr. Rankin's personal exertions the land company began in the fall of 1885 to gather some money into its treasury. Ten-dollar shares of stock were subscribed for by a large number of workingmen, to be paid in small periodic assessments.

The location of the prospective colony was fixed in the Mille Lacs region, in Crow Wing county, upon Northern Pacific railroad land, at a point about one hundred and twenty miles from Minneapolis and about the same distance from Duluth. A tract containing two hundred and fifty-three acres was purchased and paid for with preferred stock of the road, making the cost of the land about $2.50 per acre. It fronts upon Bay Lake, a beautiful sheet of water about three and a-half miles long and two and a-half miles wide. The land is finely timbered with oak, maple, hickory, ash and white walnut, with occasional openings. Definite arrangements have been made which give the Land Association control of contiguous land, and the domain of the colony practically includes five hundred acres. About $2,500 has been subscribed by the shareholders of the Land Association, who are all, or nearly all, workingmen and Knights of Labor, and about $700 of this amount had been paid into the treasury prior to the middle of October, 1886.

Meanwhile, Mr. Rankin had organized the Pioneer Coöperative Company, which was to settle upon the land; and an agreement was made by which the colony was put in possession of the tract. A contract was drawn between the Land Association and the Pioneer Company under the terms of which the land was to be sold to the second party for its cost, $675, of which $100 should be paid on January 1st,

1889, and $200 each succeeding year until principal and interest should be fully paid up, the debt meanwhile to draw seven per cent. interest. The Land Association's rights, by contract with the railroad company, in other land adjacent, was also transferred to the Pioneer Company. The sale was made subject to the condition that the purchasing party should occupy the land as a coöperative colony and should conform to certain rules and arrangements which were made a part of the contract. Inasmuch as these specifications of the contract really embody the constitution of the colony, they should be reproduced in full. They are as follows:

"1st. No person of suitable age, character and ability shall be debarred from associating with said second party [the Pioneer Colony] in the undertaking, on account of his religious or political opinions.

"2nd. Said second party shall receive as members all persons of adult age, as rapidly as the circumstances of the Pioneer Coöperative Company may permit, who are able to fill useful positions in the company, and are willing to be governed by the rules and regulations herein set forth.

"3rd. That the land, or so much of it as may seem to be needed, and the use of which is now and hereby granted the aforesaid Pioneer Coöperative Company, is to be considered by both parties to this contract as inalienable, so far as present intention and mutual agreement can make it so, it being fully understood and agreed to that no speculative purposes having reference to the future sale of said land, or any part of it, enter as considerations into this agreement. On the contrary, it is fully understood that the land hereby granted is to be regarded as the home and heritage of generations of honest workmen, and that the present resources of the location, the fertility of the soil, the timber, the beauty of the scenery, and other natural advantages, are to be carefully preserved, and, if possible, increased. To accomplish this, it is hereby declared that not less than one-fourth of the land should be kept covered with timber; that in the use of timber for fuel, buildings or manufactures, sufficient care should be taken to preserve young and thrifty groves of trees, and that valuable and ornamental trees should be planted wherever there is room for them. It is also understood that any wholesale or unnecessary destruction of fish or game is to be discouraged.

"4th. The government of the company shall be purely coöperative, that is to say every member shall be entitled to one vote and one only. A board of managers shall be chosen yearly by the resident members in good standing, to whom all the affairs of the company shall be entrusted; provided, however, that the first board of managers shall be chosen by or with the consent of said first party [the Land Association].

"5th. The division of profits shall be on the coöperative principle, that a salary shall be given to each member and worker varying according to the time devoted to the duties of his position, the skill displayed, and the difficulty and importance of the work, and that net profits or losses are to be divided to each in proportion to his salary.

"6th. Village lots of one-half an acre or less may be bought and held in fee simple, by members, or by resident citizens acceptable to the company—provided that no stables or other buildings to hold horses, cattle, sheep, hogs or fowls shall be erected on any such lots; that no manufactories shall be built thereon, and no places for the sale of intoxicating drinks shall be tolerated; it being considered expedient and necessary to provide as far as possible against danger from fire, and to forbid, absolutely, everything that may lessen the beauty or healthfulness of the village.

"7th. A full and accurate account of receipts from the sales of village lots, timber, lumber, fish, crops, manufactured articles, and other sources of income, shall be kept by the said party of the second part, and reports made to the Board of Managers of said first party from time to time as may seem expedient or necessary to the Board of Managers of the Coöperative Land Association, and also in the same manner a full and accurate account of all expenditures.

"8th. The resources of said Pioneer Coöperative Company, party of the second part, shall be applied (1) To the support of resident members and hired workers; (2) to the payment of floating debts incurred with the consent of the party of the first part, and (3) to the formation of a sinking fund to meet maturing obligations. Receipts beyond this are to be divided as specified in the fifth section of this agreement.

"9th. All differences on questions at issue between the two parties to this contract not settled by mutual agreement, shall be referred to a board of arbitration, whose decision shall be based on principles of equity, and shall be final.

"10th. The Board of Managers of the aforesaid Coöperative Land Association shall have full power to adjudge and settle, with-

out appeal, all questions that may be brought before it by the members or Board of Managers of the aforesaid Pioneer Coöperative Company.

"11th. Any agreement or regulation made by the second party to this contract, with reference to the wages of its members, shall be subject to the approval or disapproval of the Board of Managers of the Coöperative Land Association, so long as there are any debts due from said second party under this agreement. But should default be made in the payment of said several sums of money, or any or either of them, or any part thereof, or of any of the covenants herein to be by said party of the second part kept or performed, then this agreement to be void at the election of said party of the first part; and in case of default by said party of the second part, in whole or in part, in any or either of the covenants of the agreement to be by it kept and performed, it hereby agrees, upon demand of said party of the first part, quietly and peaceably to surrender possession of said premises, and every part thereof, it being understood that until such default said party of the second part is to have possession of said premises."

The colony began in April, 1886, with seventeen men, women and children from Minneapolis, of whom seven were men of legal age, and members of the Pioneer Coöperative Company. Two of the men were coopers and had for a time been connected with a coöperative shop. All had been unfortunate in the city, and not one of the families could have gone to the country on its own resources. Collectively, it would have been scarcely possible for the company to have made a beginning without the backing of the Land Association. But all had at one time or another some experience of farm life, and the colony was certain to be self-sufficient if once fairly begun. Two or three small houses of pioneer construction in the neighborhood were available for temporary shelter. Fish and wild berries were abundant. A small crop of corn, potatoes, beans and other vegetables was planted and has been harvested. Several gentlemen in Minneapolis advanced money to aid in the purchase of horses, implements and other absolutely necessary parts of a farming outfit. Progress must, however, be slow for a year or two from the lack of capital that is felt at every step.

Fortunately, the enterprise was not undertaken with any false expectations, and all who are concerned with it are entirely satisfied. The land is ample in extent, admirable in quality and situation, and held by secure tenure. More can readily be obtained when the colony can use more. The health and simple enjoyments of country life are preferred by the colonists to the conveniences which even the poorest people enjoy to some extent in the city. Food and shelter are assured. There is plenty of work to do, but no necessity of over-work. There is happy immunity from the isolation and solitude that are the most objectionable features of ordinary farm life on the western frontier. Thus, even in the rough pioneer stages of the experiment, the members regard their lot as a decided improvement upon that which they left behind them. They would say unhesitatingly that they had changed adversity for prosperity.

This attempt at coöperation is not in the hands of men who misapprehend the nature of the problems of organization and management they will have to solve. They have not attempted to solve them all in advance, but will leave some of them until circumstances give them practical importance. Coöperation does not meddle with the institution of private property. It is not a religion and requires no renunciations. It does not in the least interfere with the distinctness and privacy of family life. It is simply a matter of business advantage and social convenience. Agricultural coöperation is not essentially different from coöperation in barrel-making. In Minneapolis there are men who are earning their living in a coöperative cooper shop, paying for their home through a coöperative building and loan association, buying their groceries at a coöperative store, and having their washing done in a coöperative laundry. Some of them perchance enjoy the advantages of membership in a coöperative neighborhood improvement association, obtain books and magazines from a coöperative reading club or library association, and so on. Many of them belong to societies and orders which have as their most practical

feature a system of coöperative life and accident insurance. If these and other coöperative enterprises were centralized under one general management, it would make no practical difference to the man who belongs to them all, apart from the fact that it would probably minister to his convenience. In the coöperative farming village each member would acquire his house and lot through the instrumentality of the company, and would make his living by working at stated wages in the productive enterprises of the company. He would receive a share of dividends from the surplus earnings of the company as in the cooper-shops. He would buy his goods at the company's store and receive his share of the profits on the basis of the amount purchased, as in coöperative stores elsewhere. He would have all the liberty he could possibly have outside the coöperative system, and much more independence than any mere wage-worker. He could withdraw at any time with the amount of capital which had accrued to his credit in the company. It seems necessary to say these things because the idea of a coöperative agricultural colony so readily suggests communistic societies like the Shakers, the Icarians or the German inspirationists of Amana. Communism and coöperation are antipodal in principle. Communism denies the right of private property. Coöperation proposes to enable the destitute to acquire private property. Communism usually asserts control over family relations and it sacrifices personal liberty. Coöperation adds to the liberty of the individual, because it enables him to "pay the price of his industrial freedom;" and as I have shown in the case of the coopers, it supplies the conditions that are most favorable to the family institution.

From the standpoint of production the communistic farming communities are of course coöperative; and in so far their experience has bearing upon the undertaking herein described. They have demonstrated the economic advantage of coöperative production in agriculture. Proficiency in specialties is developed. Small fruits, bee-keeping, dairying, and all the branches of that diversified husbandry

which is admittedly the most profitable, flourish at their best on a Shaker farm; and my own somewhat careful observation of several communistic agricultural societies has convinced me that their economic success has been due to a coöperative organization of industry that is both logically and practically separable from their communistic theory and practice of distribution. The self-sufficiency and economic independence such a community acquires is remarkable. Various lines of domestic manufacture are easily developed. In the winter months the ploughmen and teamsters are transformed into blacksmiths, wheelwrights, carpenters, broom-makers, etc. The women and children prepare the packages of garden and flower seeds for the spring trade. The superior system and economy of the productive side of life in one of these agricultural societies is unqualifiedly admirable. And yet, it is simply coöperation, and would be entirely possible were the communism absolutely eliminated. And this success has not been due to marked superiority in the leadership or in the average membership of these communities, but to the fact that coöperation in agriculture is comparatively easy.

Professor J. B. Clark, in his notable volume "The Philosophy of Wealth" says: "Complete coöperation has succeeded on the largest scale in agriculture. The economic motive for this mode of living is less urgent in this department of industry than in others. Agriculture is not yet centralized, as are manufactures, and the relations of the classes engaged in it are not strained to a dangerous extent." This is true; yet it should be said that coöperative farming is not expected primarily to appeal to the classes already engaged in agriculture. Mr. Rankin suggests it as a means by which those who are not farmers, and who cannot hope to become farmers through their own separate efforts, may acquire industrial security and freedom, and a healthful, advantageous environment, as tillers of the soil. Wise advocates of such a system would have no desire to strain its applicability. If it succeeds in the Mille Lacs region or anywhere else, the

success must be due to the fact that the system is clearly profitable in the hard, worldly sense. Farmers already well established on their own land do not belong to the classes who have fundamental industrial problems to solve. And yet, from my own observation I am ready to affirm that in many cases if half a dozen or more frontier farmers would consolidate their holdings, sell half the land and pay off all mortgages, place their homes in a village group, organize as a co-operative company, and farm their acres with centralized facilities, they would find the experiment highly profitable financially, and at the same time most beneficial morally and socially. I am informed that the families occupying homesteads in the vicinity of the colony at Bay Lake are quick to see the advantage of the coöperative system and that some have already offered themselves as members and their "claims" as additions to the colony's domain. In becoming members, they would, of course, either sell their land at an agreed price or take stock in the company to the amount of its value. I do not understand that all members are required to be equal stockholders; but inasmuch as profits are not to be apportioned on the basis of stock and since each member has an equal vote, the tendency must naturally be towards practical equality of investments. It must be remembered that coöperation does not antagonize any other industrial system, and that a coöperative farming colony which should receive unsuccessful workingmen from the city, train them in agriculture, accumulate for them a little competence, and "graduate" them to make farms of their own on the public land, would in each individual case have vindicated the advantage of coöperation. The internal economy of such a colony would not be seriously disturbed by a very considerable change from year to year in the *personnel* of its membership. In our country every neighborhood and every industrial and social group is undergoing constant loss and renewal in this way, and generally without serious impairment of its character or resources.

The *a priori* objection most commonly raised to such enterprises has to do with the difficulty of maintaining agreement and harmony. As Mr. Rankin wisely says, the only essential kind of agreement is the agreement to disagree. There must be perfect liberty of speech and of opinion, and the will of the majority must prevail. A young cooper remarked to me one day that "there are a heap of things to put up with in coöperation." But, for all that, he regarded the difference between the lot of a coöperative cooper and that of a journeyman cooper as tantamount to the difference between industrial freedom and industrial slavery. Coöperation is simply democracy applied to industrial organization. Democracy in political society is a system which always obliges some people to "put up with" things they do not prefer. But it does not follow that a czar would be welcome. Those who find more unpleasant things to put up with in a coöperative organization than outside of it, have ready means of escape. I believe that the history of coöperative undertakings shows that governmental difficulties are not so great as people generally anticipate. The principle of arbitration is accepted by all coöperators, and the necessity of acquiescence in the will of a majority, or in the dictum of a board of management or arbitration, is the first lesson to be learned.

I have written thus generally because, as already said, it is the potentialities rather than the present details of this coöperative enterprise that merit discussion at this stage.

The Pioneer Colony meets with fewer obstacles than it expected. It proposes to advance "without haste, without rest" making sure of each new step. No effort will be required to induce people to cast in their lot with the colony. The most prosperous of our cities contain hundreds, if not thousands, of worthy people who would be eager to go to the country under such arrangements as would assure them of a home and the plain but wholesome comforts of farm life, in exchange for their honest labor. As rapidly as circumstances will allow, the Pioneer Colony will diversify its in-

dustry and increase its membership. It has, however, put forth no glowing prospectuses, has made the world no promises, and has nothing for which to apologize in the meagerness of its beginnings. From the standpoint of those engaged in it, success has already been achieved; for it has greatly improved the material situation of all of them, and there is bright prospect that the improvement will continue. No sort of failure is easily conceivable that would leave them, all things considered, as badly off as they were before. The Minneapolis workingmen who constitute the Land Association are secured by their mortgage and can lose nothing. They will be repaid, with interest on their money. Sums advanced by several gentlemen of means have been of very timely service; but they have been incidental and not essential. This has been and is strictly an enterprise of poor men for the benefit of poor men; and whether its future success should be little or great, it will be due to the spirit of self-help among its own members and beneficiaries, and to the systematic aid and support of the Knights of Labor and workingmen of Minneapolis.

CHAPTER III.

COÖPERATIVE PROFIT-SHARING IN THE PILLSBURY MILLS.

In my account of the organization of the first coöperative cooper shop in the fall of 1874, I have explained that Mr. Charles A. Pillsbury, the head of the now famous Pillsbury milling firm, made the coöperative movement possible by agreeing to take the product of the shop for the supply of one of his mills. The Pillsbury mills principally use coöperative barrels, and the firm has always been held in high esteem by the coopers. The firm of Charles A. Pillsbury & Co., who have for some years enjoyed the distinction of being the largest flour manufacturers in the world, consists of Hon. Charles A. Pillsbury, Ex-Mayor George A. Pillsbury, Ex-Governor John S. Pillsbury, and Mr. Fred. C. Pillsbury. The second is the father, the third an uncle, and the fourth a brother of the head of the firm. No employers were ever more highly regarded by the men in their service than the Pillsburys have always been, and there has never been a disagreement of any character. The house has prospered, and its employés have prospered with it. Mr. Charles A. Pillsbury has always been a student of the labor problem both in theory and practice, and his sympathies have been with the men who work. Yet he has never sought to pose as a philanthropist. His business sagacity has been broad enough to perceive that in order to attain the largest success in his line of manufacture, the most considerate and liberal treatment of employés was the soundest economy.

At the end of the milling year, September 1, 1882, Mr. Pillsbury determined to attempt experimentally a plan of profit-sharing which had for some time been taking form in

his mind. A selected list of men in the different mills was made out, and each received a personal letter, of one of which the following is a copy:

"*Dear Sir:* We have decided to give this year, as an experiment, to some of the leading men in our different mills, a portion of the net profits of the mill after we have credited ourselves with the interest on the capital invested.

"We do this in the hope that every one of the men having a share in this division will do his utmost in every possible way to effect a saving in the business, and that those who are not included this year will also be stimulated to do good work, because if the experiment is a success we shall be inclined to increase the number hereafter. We believe also, that while we shall be doing considerably better by our men, we shall lose little or nothing ourselves. None of you have any idea how much can be saved in running a flour mill if each man will do his best towards saving. The scheme is an experiment for this one year. Its continuance will depend upon whether we think it will pay us this year. We trust that every man included in this number will feel it his special duty to see that every other man does his work well; and, in fact, to see that everything is done in the best possible manner and with the least possible expense.

"This apportionment will be made only to the men who stay with us during the year, and is subject to the provision that every man included in the arrangement shall perform his work and conduct himself in a manner entirely satisfactory to us.

"We prefer that this matter be kept quiet.

"Hoping to receive your hearty coöperation in the plan,

"We remain,

"Very truly yours,

"Charles A. Pillsbury & Co."

The proposition was entirely voluntary on the part of the firm, and was made to men who were already well content and better remunerated than men doing the same work in other milling cities. It was, of course, received with much satisfaction by those so fortunate as to be included in the scheme. From four to five hundred men are on the pay-rolls of the three Pillsbury mills, and about twenty-five per cent. of them participated in the profits of the first year. The list included, first, all men having positions of responsibility in the offices as well as in the mills—nearly every

man whose labor could fairly be called skilled or upon whose fidelity much depended, being in the number; and, second, there were included all employés, however menial their work, who had been in the service of the firm continuously for five years. Having had no intimation as to the proportion in which the net profits were to be divided, the men could not of course well conjecture the amount they would receive at the end of the year. They could not reasonably have expected large sums in addition to their wages. Their surprise and pleasure may therefore be imagined when they received checks for sums averaging about $400. The amount of profits distributed to employés at the end of the first year, in September, 1883, was in excess of $40,000, and the profit-sharers were about one hundred men. The distribution was upon the basis of salary, and each man received a sum equal to about one-third of his total wages for the year. A bit of arithmetic will show, therefore, that the average income of the participants was increased from about $1,200 to about $1,600. The experiment produced results satisfactory to the firm as well as to the men, and the profit-sharing system was adopted as a fixed policy. The proportion of profit-sharers was made somewhat larger the next year, and there was, of course, an increase in the number of five-year men. In September, 1884, about the same aggregate amount was again distributed. In September, 1885, the profit-sharers were about one-third of the total force of employés, and the sum distributed was again approximately $40,000. In the three years $125,000 was apportioned in this way, and the general ratio of profits to wages was maintained at about one dollar to three dollars. The profit-sharing employés had in round figures received $500,000 instead of $375,000 by virtue of the arrangement. In September, 1886, each man received a circular letter from the firm, of which the following is a copy:

"We regret to inform you that we will be unable to make a division of profits to any of our employés for the past business year. The simple reason is that we have no profits to divide. We

have failed to receive any returns for the capital invested, or for our hard work and anxiety. We are somewhat recompensed, however, in the reflection that most of our men have had steady work, and that we have been able to pay you your wages promptly and without any reductions, thereby enabling you not only to provide well for yourself and family, but to lay by something 'against a rainy day.'

"Now what of the future? We hope, with the aid of the strong arms and enlightened brains of our fellow-workmen, to not only receive a fair recompense for our own work and capital, but to have something left over to divide among our men, and we hope to make that division more general than ever before. In order to do this we are justified in asking of you to increase your efforts in our behalf if possible; that you, in addition to doing honest work yourself, will insist upon its being done by others who, perhaps, have not as honest intentions as yourself? Especially do we ask of you to see that the strictest economy is practiced in every direction, and that nothing is allowed to be wasted or misappropriated. We ask of you, also, to take no chances of accidents of any kind; that you immediately notify the proper parties of anything needing repairs, or of any dangerous place or machinery which can be improved. We ask no one to take any chances of loss of life or limb, beyond what are absolutely inseparable from the nature of our business and machinery. Any suggestions from any of our men as to additional precautions against accidents will be thankfully received and fully appreciated by any member of our firm. We also ask you to especially take every possible precaution against fire. It is the enemy most to be feared by both you and ourselves. In these dull times of milling, a fire would permanently deprive you of a job with us, and also entail a great loss on ourselves. Let us ask you to be on the constant lookout for any possible danger from this source. Suggestions in this direction will be greatly appreciated by us. We are very proud of the past, that we have never yet made a reduction in wages. We cannot now afford to pay you the wages we could a few years since. Cannot you, with your increased experience and with additional diligence to our interests, make your services more valuable to us than ever before, and thus restore the equilibrium? If at any time you feel that injustice has been done you, do not be afraid to come to our office and state your complaints. Coöperative sharing-profit is on trial at our mills. Many all over the world are watching the results. Fellow-workmen, try and realize how much depends on your integrity and faithfulness. With the coöperation of every one of

our employés, we hope for better results than ever before attained in our business; without it, we see nothing promising for you or ourselves."

This frank communication was received in the best possible spirit by the men, who would have been both ungrateful and foolish to have questioned its sincerity or to have been dissatisfied with its explanations. The out-put of the Pillsbury mills for the year ending September 1st, was about 2,000,000 barrels of flour—the largest in their history and more than one-third of the total Minneapolis product. But the milling of the crop of 1885 was unprofitable. The millers bought wheat early in the season at high prices and in very large quantities. The market declined steadily thereafter, and the price of flour was reduced even below the normal ratio with wheat. Half of the Pillsbury flour goes to Europe, and new competition abroad is curtailing the profits on the American export. In keeping the mills grinding, and in maintaining the full wages of more prosperous years, the Pillsbury firm had done what entitled them to the highest regard and best service of their men.

Mr. Pillsbury is under no obligation to continue the plan of profit-sharing, but he assures me that he has no thought of abandoning it. He proposes so to enlarge the basis as to admit more than half the employés. Obviously, under such a system, the number of beneficiaries would in any case grow larger each year merely by operation of the five-year rule; and it is easy to believe that three or four years hence the great majority of the men will be profit-sharers. Mr. Pillsbury is emphatic in saying that he regards the system as advantageous to the firm. In few industries do intelligence, stability, skill, zealous interest and absolute fidelity on the part of the entire corps of employés count for as much as in milling. Bad results caused by negligence are hard to trace to the culpable individual. The habitual attention to one's own work and to the work of one's fellows that is developed by a personal interest in the business is a great advantage in the modern manufacture of flour.

By infinite pains and great enterprise "Pillsbury's Best" has been made the standard flour of the world, and the maintenance of its enviable reputation depends much upon the workmen in the mills. A more permanent body of men cannot be found anywhere. No man is ever capriciously discharged, and none ever leave voluntarily except to take a higher position elsewhere. The Pillsburys operate three mills—one having a daily capacity of 7,000 barrels (the greatest in the world), and the other two having a maximum capacity of 2,000 and 1,500 barrels respectively. They require, therefore, only three head-millers. But their mills are the great school in which men are trained to the mastery of the methods of modern milling, and a large proportion of the leading head-millers of the country have been graduated by the Pillsburys. Mr. Pillsbury says that from fifty to seventy-five head-millers in important mills elsewhere have been selected from among his men. The fact illustrates the superior character of his employés as a class; and the advantage of the profit-sharing system in keeping such a body of men together is obvious.

For proper business reasons Mr. Pillsbury has never made public and has never communicated to his men the proportions in which the net profit is divided between the firm and the employés. As in all profit-sharing arrangements, interest upon the capital invested is first deducted. Under the circumstances, no bargain or agreement with the men is either necessary or desirable, as might have been the case had the system been adopted as a compromise at a time of disagreement about compensation. The Pillsbury system could not possibly be otherwise than satisfactory to the men, who receive, irrespective of their profits, the highest wages paid anywhere for work of their kind.

From the employers' standpoint I have Mr. Pillsbury's assurance that the system pays. I need not say to students of the labor question that this assurance is the most important thing I have to communicate on this subject. If Mr. Pillsbury from his abundance and his generosity maintained

this system at some willingly made sacrifice—a thing of which he is perfectly capable—it would be extremely creditable to him individually and exceedingly fortunate for his employés individually; but it would not help to solve the labor question at large. Unless experiments in coöperative profit-sharing prove advantageous enough to recommend the system to employers for business reasons, the system must be counted a disappointment and a failure. Few employers are in position to do business on any system that handicaps them in the fierce struggle of competition. Milling for the markets of the world is a business in which competition is keen and margins are very close. It is worth while to have the testimony of the most successful merchant miller of this or any country, that coöperative profit-sharing is a satisfactory and advantageous system.

Mr. Pillsbury would not have it understood that the system is wholly free from incidental annoyances and disadvantages. Improved pay, unexpected prosperity, and the sense of secure tenure in a fortunate position sometimes spoil a workman, and he grows negligent and inefficient. Mr. Pillsbury has been obliged to discharge a few such men. But they are exceptional. The profit-sharing system does, on the average, secure better service. Mr. Pillsbury also finds a disposition, chiefly outside his own men, to pass exacting criticisms upon a firm who have the reputation of being model employers. The discharge of one of their men excites a vast deal of comment, when no notice would be taken of the matter if some other employer should dismiss a man for precisely the same reasons. It is, however, quite natural that this should be so. The profit-sharing system seems to confer upon men something like a vested interest, with which they are extremely indisposed to part; and to be discharged from a profit-sharing establishment carries with it a peculiar disgrace. Profit-sharing is a step towards the recognition of what Professor Henry C. Adams calls a new kind of incorporeal property—the right of a workingman to his work. The fact may not be perceived, but it is true,

nevertheless. No employer who would go so far as to make his men partners in the profits of his business would feel justified in discharging them capriciously or arbitrarily. I can well believe that such employers might readily consent to submit the discharge of certain classes of their men to the approval of a board of arbitration. Without further elaboration of the matter, it is clear that the profit-sharing system gives men a firmer hold upon their places, and that this fact at times subjects the employers to annoyance and captious criticism. But it is to be remembered that these inconveniences are merely incidental to those very features of the system from which its great advantages arise.

CHAPTER IV.

THE MINNEAPOLIS COÖPERATIVE MERCANTILE COMPANY.

Most of our American cities have witnessed one or more short-lived and inglorious attempts at mercantile coöperation, and Minneapolis is not an exception. What is commonly called "distributive coöperation" requires the most humdrum patience and conservatism at the outset. Attempts to achieve rapid and brilliant results are almost invariably disastrous. Under the stimulus of the Granger movement, a number of coöperative stores were organized in Minnesota in accordance with provisions of a statute enacted in 1870, providing for the charter of coöperative associations. Their course was speedily run. One was established in Minneapolis as late as perhaps 1879 or 1880; but its shareholders lost their small investments. They had not acquired the habit and spirit of coöperators.

The coöperative coopers, having found that they could make productive coöperation a success, have long believed that they might easily overcome the comparatively small difficulties involved in the management of a retail store. At length, in the summer of 1885, they determined to begin. They were fortunate in undertaking the enterprise with no vague notions or false expectations. They did not open their store until they were thoroughly prepared. There was nothing groping or experimental about it. It was simply a sober business undertaking by men in humble circumstances, who saw in it sufficient mutual benefit to make the thing worth while, who were familiar with the history and methods of distributive coöperation elsewhere, and who knew exactly how to proceed. The incorporation was effected September 15th, 1885, the articles being signed by

eight members of the three or four larger coöperative cooper shops. The company began business with seventy-five members, all or nearly all being coopers. A neat little brick building, then in process of erection on a corner in the vicinity of the cooper shops, was rented at thirty dollars a month, and the store opened its doors for trade on the 9th of December. It was originally required that each member should make an initial investment of ten dollars for one paid-up share of capital stock; but this was afterwards modified in view of the hard times and the desirability of larger membership. A cash capital of $700 was secured to begin with. Every member was required to subscribe for three shares and allowed to take five. The initial payment was reduced to $1.25. Weekly assessments of twenty-five cents were levied and credited as payments on the shares. The company began with the ordinary stock of a small grocery store, although its articles of incorporation provide for the inauguration of mercantile enterprises on a large and varied scale, and for the establishment of a "self-supporting home colony," wherein "may be exemplified, in a practical way, the coöperative idea of protection, distribution, education and government."

The *modus operandi* does not differ essentially from that of successful coöperative stores elsewhere. The institution is in the hands of an annually elected board of managers, consisting of a president, a secretary, a treasurer, and six directors. Quarterly meetings of the stockholders are held, at which reports are heard and distribution of profits made, thus necessitating a quarterly inventory of stock. From the gross profits are first deducted all expenses of management, including rent, salaries of storekeeper and clerks, etc. Allowance is then made at the rate of ten per cent. per annum for deterioration of stock. Next, interest is allowed at the rate of six per cent. per annum on the paid-up shares of capital stock. The net surplus is divided among the members of the company *in proportion to the amount of their purchases at the store during the quarter.*

It is left for the quarterly meeting to determine whether any profits shall be allowed to outside patrons, and it is also left to the diocretin of the meeting to carry a portion of the profits to a reserve fund. The English societies are accustomed to return to non-members a definite proportion of the net profits accruing from their purchases, and also in some cases to allow employés a small percentage in addition to their salaries as a stimulus to active and interested service. It remains for the Minneapolis association to make these provisions when circumstances indicate their desirability.

Membership has increased to one hundred and twenty-five. The paid-up capital amounts (October, 1886) to about $1,500. The business is hampered by the smallness of its working capital. Owing to the very low wages earned in the cooper shops, the managers of the store have not rigidly enforced the payment of the weekly assessments. They have preferred to keep the members and their trade. Sooner or later each member will have managed to pay for his three shares. That the store is satisfactorily managed may be inferred from the fact that about half its patronage now comes from non-members. Gross sales for the first quarter amounted to about $3,000, and after paying all expenses, including interest on the paid-up shares and making the required allowance for deterioration of goods, there remained a net profit of about fifty dollars. The second quarter, ending in July, showed sales of about $4,000 and a net profit of about $140. For the third quarter, ending in October, I was assured that the sales would amount to $6,000 and the surplus profits to a sum between $200 and $300.

The members have not only (1) bought their goods as advantageously as they could have done at any other store, and (2) received interest on their small investment of capital, but (3) a moment's calculation shows that they have received back seven per cent. on all their purchases of groceries, allowing for the fact that non-members have done

half the buying and have received none of the profits. This is a most satisfactory showing. Comparing net profits with capital invested, it will be seen that the store is clearing not less than fifty or sixty per cent. a year. Mr. S. R. Jensen, who is in charge of the business, has had ten years' experience as a coöperator in the "Sixth Street" and Hennepin County barrel companies, and is admirably qualified for his present position. He serves the association for sixty dollars a month, and is assisted by two clerks at twelve dollars and seven dollars respectively per week. The two delivery wagons are run without extra help. It would be hard to find another store managed so well on so economical a basis. Sales are made strictly for cash, and the company obtains cash discounts in its purchases from jobbers. The safest business principles rule everywhere. Mr. Jensen gives security in $3,000 bonds, and the Treasurer, who is a prominent member of the Sixth Street cooper shop, is also under bonds. The company has secured the agency for Minneapolis of the goods of the Coöperative Tobacco Company of Raleigh, N. C., and of the Railroad Tobacco Company of Covington, Ky., which is also on a coöperative basis.

It employs a man who sells these goods on commission, and it makes a moderate profit. It has been desired by the company to undertake the coal business, but satisfactory arrangements are not easy to make. It may be reasonably expected that the operations of the Minneapolis Coöperative Mercantile Company will steadily increase in volume and variety. The last inventory showed a stock worth $2,000 and fixtures worth $700. This day of small things is not to be despised. A good foundation is being laid for enterprises that will be described with more imposing arrays of figures. On the strength of the success thus far achieved, it is proposed to wage a propaganda for new members. It ought to be possible to quadruple the membership and increase the volume of business six-fold during the year 1887. The benefits of membership will be much greater,

of course, when the establishment has added new departments and is prepared to supply all ordinary family purchases. There is no reason why this Minneapolis store should not prove as successful as those in England.

CHAPTER V.

A COÖPERATIVE LAUNDRY.

The description of an enterprise which is still in the tentative, experimental stage, is not a satisfactory task. Between the thing as preconceived and the meagre reality there is usually a painful contrast. From the complacent standpoint of achieved success it is rather pleasant than otherwise to look back upon feeble and forlorn beginnings. But it is only as reminiscences that such beginnings are attractive. I could wish, for literary purposes, that the Coöperative Laundry Company of Minneapolis were either older or younger—either a plausible and attractive plan or else a complete and admitted success. It is in fact engaged in a struggle for existence. If it lives a year longer it will probably have survived its worst vicissitudes. This movement, like that of the Coöperative Mercantile Company, is a direct outgrowth of coöperation among the coopers, and owed its beginning to the encouragement of the Knights of Labor, who in Minneapolis are warm advocates of coöperation. The company was organized about the 1st of March, 1886, and it adopted the by-laws of the cooper shops in so far as they could be made applicable. It chose for its central office and work-rooms a place in the vicinity of the larger cooper shops. The membership was twelve, of whom seven were working women and five were men. Shares of stock, to be paid for in small installments, were in ten-dollar amounts. Very little capital was necessary for a beginning. Members were of two classes, the working and non-working. Workers were to be paid wages, and all members were to share in a *pro rata* division of net profits, provided the non-working members should hold one more paid-up share than the workers.

Mr. Joseph Wiltbank, a coöperative cooper, who was first made secretary and treasurer, was afterwards made manager and is now, by a somewhat informal arrangement, also the acting president. He is paid a salary equal to about the average wages he could earn at his berth in the cooper shop. The other working members are the women. The wages of the washerwomen are one dollar a day, and of the ironers one dollar and twenty-five cents. They work ten hours, with a part holiday on Saturday.

At first the laundry did not do satisfactory work, and that fact has been of serious disadvantage. Under Wiltbank's administration there is no longer any complaint on the score of the quality of the laundrying, and the amount of business seems to be increasing. The price list is the same as that of other laundries in the city. About a dozen branch offices exist in different parts of the city, and they are allowed fifteen per cent. for their services as agents. More than half the patronage of the establishment comes from the coopers—chiefly from the unmarried men, the others generally maintaining the old-fashioned home institution of washing-day. As yet there have been no dividends. Three shares of stock have been issued, of which two are paid up, and the working capital is somewhat in excess of $200. The patrons see no particular advantage in becoming shareholders as yet. The large steam laundries of the city are able to do work at a smaller expense than the coöperative, with its primitive methods, and it cannot expect to earn dividends to any considerable amount until it is equipped with modern machinery. Such equipment will cost about $750, and the coöperative is determined to secure it next spring. An effort will then be made to increase the number of members, and the persons acting as agents in the branch offices will be required to become shareholders.

Coöperation seems to be particularly applicable to the business of laundrying; and if this Minneapolis enterprise perseveres until its proper equipment shall have been

secured, it ought, without further difficulty, to become a permanent success. The delivery wagon and branch office system render the locality of a laundry wholly immaterial to its regular patrons, and a moderate degree of enthusiasm and push would secure many shareholders among people whose laundry bills are much larger than those of the coopers or other workingmen. The coöperative system in this industry would, I believe, secure superior results. The proprietary interest of all the workers would conduce to permanence, to the acquisition of skill, and to the constant care, without which there cannot be that promptness and uniform excellence of service upon which the reputation of a laundry is built up. I am inclined to believe, also, that a coöperative laundry can be run at considerably less actual expense than one non-coöperative, and can thus have the advantage in competition. Obviously this business can be conducted upon a plan uniting the advantages of productive and distributive coöperation. On the one side it appeals to share-holding patrons as a mutual benefit enterprise, and upon the other side it appeals to the workers as affording them a most advantageous form of productive organization. There are large profits in a well-conducted laundry, and those profits ought to be shared among workers and patrons. I know of no business in which, from the nature of things, coöperation seems more feasible and more likely to succeed well, than in the operation of a large laundry.

CHAPTER VI.

THE DUNDAS COOPERS.

The typical journeyman cooper is a nomad. He has worked on flour barrels in Rochester and on whiskey barrels in Louisville. If he is not so great a traveller as the journeyman printer, it is only because his earnings are smaller and he must therefore do more tramping and less riding. Why he has not carried away and scattered enough of the seed of Minneapolis coöperation to germinate in other communities of coopers, I am at a loss to say. I have information of only one coöperative shop outside of Minneapolis, although to my knowledge there has been some agitation of the matter elsewhere in the state.[1] The Dundas Cooper Shop Company, of Dundas, Rice county, Minnesota, has the honor of being older than any but one of the present Minneapolis shops. It was organized on the 1st of January, 1876—less than two months after the Coöperative Barrel Company began operations in Minneapolis.

The organization of the Dundas shop was the same in most essential respects, as that of the Minneapolis shops. There were thirteen original members. The number is now reduced to eleven and fixed at that limit. The capital invested is small, because a large amount is not required to carry on the business of a small shop in a village of less than a thousand inhabitants. The price of the barrels which the Dundas coopers sell to the merchant millers whom they supply, is regulated by the Minneapolis quotations; and consequently they have felt the pressure of hard

[1] This was written in the fall of 1886, since which time coopers in various places have undertaken coöperative organizations.

times in the past two years. But, for nine or ten years the shop not only earned good wages, but made profits every year, which were divided, as in the Minneapolis shops, in proportion to the amount of work done. How large those profits were I am not informed; but either prosperity, or some other cause, has made membership remarkably stable. There have been only four withdrawals and two admissions since the shop was organized; so that nine of the present eleven members were among the original thirteen. All the members are married men, and all own homes. Three are at present carrying on other lines of business, retaining their interest in the shop and their right to resume work, but foregoing all profits, of course, while not earning the wages upon the basis of which profits are divided.

A membership interest can be transferred only to the company. The shop usually employs journeymen in varying numbers, according to the demand of the mill it supplies. Sometimes none are needed, and sometimes fifteen or twenty are given work. The average is about half a dozen.

The organization of the shop is simple but effective. The presidency is merely a nominal office, the foreman being the general manager and business representative of the shop, subject to a board of directors.

The secretary keeps a set of books and issues all orders for money, which are countersigned by the foreman. The latter also keeps accounts which are a check upon those of the secretary. These two officers are required to furnish each month a statement of the month's work, of profits or loss, and of the condition of the business. The foreman receives a fixed compensation of fourteen dollars per week, and is frequently kept in the office for several successive years. The adjustments of profits or loss are annual, on the first of April, instead of semi-annual, as in the Minneapolis shops. The general effects, morally and socially, of coöperation at Dundas are, I believe, regarded as very excellent. The members of the shop, it should be said, are

all Americans excepting two, a Scandinavian and an Irishman. The first foreman was A. Hedreen, and the present one is L. L. Babcock. O. F. Wilson is president and A. Moynihan secretary. The annual product of the shop is about fifty thousand barrels.

CHAPTER VII.

COÖPERATION AMONG THE PAINTERS.

For some years the house-painters and decorators of Minneapolis have been interested in coöperation, and have talked more or less seriously of undertaking it. A Painters' Union, organized in perhaps 1883, gave opportunity for discussion of the matter, and it was particularly favored at that time by Mr. J. U. Woolsey, whose efforts to inaugurate a coöperative shop seemed at one time about to be crowned with success. But there was disagreement about details of organization, and the plan fell through. Mr. Woolsey, who was in his earlier years a journeyman painter, but has long been the proprietor of a shop, is an intelligent and earnest advocate of coöperation, and has not ceased to urge its application in his own trade. The formation of a Painters' Assembly of the Knights of Labor in the winter of 1885–6, and the unusual degree of interest shown by the Minneapolis Knights as a whole on the subject of coöperation, gave a fresh impulse. Again Mr. Woolsey's ideas seemed about to have practical effect. He desired to organize a coöperative shop with twelve members at the outset. Each member would be expected to subscribe for three twenty-five-dollar shares of stock, one share to be paid up at the beginning and the other two by assessments. Men were to be classified and paid wages varying according to their class. Grainers and sign-painters would be allowed, for instance, three dollars a day, and regular house-painters would be divided into a first and a second class, their wages being two dollars and a half and two dollars respectively. They would be expected to classify themselves, subject to the readjustment of a board of arbitration. Profits would be divided per capita and not

on the basis of wages. Mr. Woolsey believes that in coöperative enterprises where proficiency and skill are duly recognized in the scale of wages, there should be no further emphasis of differences of wages, and that all members should fare equally in the distribution of profits as in the holding of stock and in the government of the association. The point is an interesting one and admits of discussion; but I am inclined to agree with Mr. Woolsey. In the cooper shops each man receives the same pay for making a barrel. Profits may advantageously be treated as increasing the piece-price wages, and each man would properly receive in proportion to the number of barrels he has made. But no such plan is possible where men are paid by the day; and the simple per capita method of dividing profits might well prove most satisfactory, at least in such a trade as painting. Not to digress further, Mr. Woolsey's twelve men were found; but before they were ready for action the season was well advanced, they lacked the necessary means, and they feared that the new shop might not be able at once to secure sufficient work. It is not unlikely that the spring of 1887 may find Mr. Woolsey's shop transformed into a coöperative establishment.

But meanwhile another painter, Mr. E. M. E. Pease, had succeeded in establishing a coöperative shop, which was incorporated on the 29th of June, 1886, as the "Painters and Decorators' Coöperative Association of Minneapolis." The active painting season was already well spent, the summer's work was largely contracted for by the other shops, and the new establishment expected no immediately brilliant success. Twenty painters were enrolled as subscribers for stock, with the understanding that half of them would keep their places in other shops as journeymen, not assuming active membership before the opening of the next season, until which time no payments were to be expected from them. The active members took each a fifty-dollar share of stock, upon which they made initial payments of ten dollars, and have since been paying assessments of five dollars.

Large capital is, of course, not essential. The new shop has been fortunate in securing work, and is regarded already as an established success. Thus far it has done general house-painting, all its members working at the same lines of the trade, although it includes men qualified as sign-painters, frescoers and paper-hangers. With the coming season it is proposed to undertake all these special branches of the trade. At present the men allow themselves two dollars and twenty-five cents a day as wages, of which they draw only two dollars, leaving the twenty-five cents to accrue on their capital stock account. The business is in the hands of a board of managers, consisting of the president, treasurer and three directors, who appoint a foreman and a secretary. The foreman has charge of the men and attends to the carrying out of contracts, working himself with the rest. The secretary is the business man of the company. He keeps the books, has charge of contracts, collects bills, canvasses for work, and represents the shop in its outside relations. Mr. Pease, the prime mover in the enterprise, is secretary, Mr. S. G. Comee being president.

The economic advantages of their coöperative organization are already apparent to these painters. They earn average wages, and find themselves accumulating a margin of profit for distribution at the first semi-annual settlement. They find themselves at an advantage in bidding for jobs of work, because, if necessary, they can dispense entirely with profits. Journeymen painters must expect to lose a large amount of time in the course of a year. Perhaps the greatest economic advantage these men find in the coöperative system is the steadiness of employment it secures. Their shop plans carefully to keep its members fully employed; and this signifies a large difference between the year's income of a coöperative and a journeyman painter. Further, the men have the satisfaction of knowing that they are building up a business of their own. They take an unwonted pride in their work. Their personal responsibility incites to the most thorough and honest workman-

ship. Because they are working for themselves and have the full benefit, they naturally work more expeditiously. These elements of superiority in coöperation give it competitive advantages which must sooner or later prove decisive in its favor.

Mr. Pease, like all practical coöperators, is disposed particularly to emphasize the importance of the moral results of the system. He finds that it produces a state of harmony among the men that is never seen in a non-coöperative shop. Amicable relations are seen to be a practical necessity. The men realize the mutuality of their interests, and the fact induces courteous conduct. The responsibility of doing business for themselves, and the new sense of stability have an excellent effect upon men inclined to be reckless or improvident. The sense of being one's own master and of working for one's own interest is socially and morally elevating. Mr. Pease says that his associates would not be induced to go back to the old system, because they find a larger freedom and manhood in coöperation. One of the men declares that he will never again work as a journeyman so long as he can get one meal a day in coöperation. Fortunately, his three meals a day, the year around, are much more secure under the coöperative system.

There seems no reason to doubt the permanent success and the gradual extension of coöperative organization among the Minneapolis painters and decorators. The beginning has been made; and it is auspicious though humble. I believe that there will be at least four or five coöperative paint shops in the city within two or three years.

CHAPTER VIII.

COÖPERATIVE BUILDING ASSOCIATIONS.[1]

The form of coöperative enterprise that has attained far greater results in the United States than all others combined, is that of the well-known and almost invariably successful "building and loan association."

The remarkable success of these associations in Philadelphia and throughout Pennsylvania has attracted wide attention. It is less generally known, however, that what I may call the Philadelphia plan of coöperative banking has been extensively adopted in western towns and cities. Several of the most flourishing building and loan associations to be found anywhere in the country are established in the neighboring cities of Minneapolis and St. Paul; and they have been instrumental in providing many hundreds of workingmen's families with pleasant homes of their own. The people of Philadelphia enjoy the distinction of being more comfortably housed than those of any other large city in the world, and it is said that in no other city do so many families own the houses in which they live. The agency of the building and loan associations in producing this fortunate state of things has been very great. Among western cities Minneapolis deserves a first rank as a city of homes. The separate, cottage style of house prevails, the city containing comparatively few solid residence blocks. In no other city, not excepting Philadelphia, are the homes of the people so spacious and so attractive architecturally. Visitors to Minneapolis frequently ask where the poor people live. It is not easy for them to realize that the picturesque

[1]Acknowledgements are due to Mr. O. L. Colburn for assistance in the collection of facts respecting the building and loan associations of Minneapolis and St. Paul.

and roomy cottages with their bay-windows, ornamented gables, and bits of lawn are the homes of workingmen. It is highly interesting to observe the influence of local habit and sentiment upon the external forms of a city's growth. The new-comer soon discovers that it is the ruling ambition of the average Minneapolitan to have a home of his own and as good a one as he can afford. For several years, about three thousand houses have been built annually, a large proportion of them to be occupied at once, or eventually, by the owner himself. The significance and relevancy of these facts will be readily apparent to any student of the social, political and economic problems of the modern city. It is immensely important in the period of a city's early and most rapid development that the proportion of tax-paying, property-holding citizens should be as large as possible, and that the ownership of a home should come to be the custom and the fashion among those who are called and who call themselves workingmen. Not a little of the present remarkable prosperity of Minneapolis is due to the fact that it is a city of homes and property-holders, and in that fact lies perhaps the best assurance the city has for future progress and prosperity. In one way or another these workingmen who own homes have made the purchase with savings from their wages. Very many have bought from real estate dealers on the installment plan or on long time. They have mortgaged a portion of their earnings for years to come for the present enjoyment of a family homestead; and the arrangement is a powerful incentive to sobriety, industry and thrift. By paying what seems to be a rather extravagant monthly rent for a few years, the occupant acquires unencumbered title, the payments cease, and he is comparatively a man of affluence. With the habit of saving firmly fixed, he goes on accumulating substance. Of all the various plans in vogue for acquiring property by small periodic payments from current wages, the building and loan associations provide the best. They enable their members to buy or build at cash prices, in which there is large advantage. The bor-

rower repays the association in monthly payments usually extending through about eight years, and therefore amounting to something like one-half of one per cent. When he has finally squared his account with the association, he finds on careful calculation that he has paid little or no more for the use of the money he borrowed, than the interest rate his wealthy neighbor would have had to pay for a similar amount of money on ampler security.

If he had bought on the monthly payment plan from a real estate dealer the installments would of course have been very much greater than a fair rent for the property. But the association has enabled him to become a proprietor on payments in many cases not exceeding the rental value. Let us assume that a man who has paid eighteen dollars a month as rent, takes twelve shares of stock in a building and loan association. The matured value of a single share will be two hundred dollars, and of the twelve $2,400. The association makes him a loan of $2,400, taking out a premium of, we will say, forty per cent. The man actually receives $1,440, with which he buys the house he lives in (and which might have cost him $2,000 if he had bought on the installment plan). He pays the association six per cent. interest on $1,440, in monthly sums of seven dollars and twenty cents. Meanwhile he is accumulating a sinking fund, as it were, for the extinguishment of the principal; and the debt will reach maturity when this fund, which is earning compound interest and extra profits as energetically as possible, has grown large enough to meet it. He pays into this fund twelve dollars every month in the guise of dues on his twelve shares. In about eight years his shares will have reached the full value of two hundred dollars apiece, $2,400 altogether. His debt was $2,400 and is now cancelled. He has paid in $1,152 on his shares. The association had kept every dollar at interest for his benefit by making monthly loans of all the money in its treasury; and compound interest counts up rapidly. His interest and dues amounted to nineteen dollars and twenty cents a

month, or slightly more than the rent he had formerly paid, and at the end of the eight years he is the owner of the property and free from debt. Perhaps most of the readers of this sketch are familiar with the methods and advantages of the special form of savings institution described, yet I may be pardoned for assuming that other readers will desire to know what building and loan associations are, as well as the mere fact of their existence in Minneapolis. The supposed transaction which I have just described is not idealized at all. Any man with a clear head and a fair knowledge of arithmetic can satisfy himself that there are good profits to be derived from the immediate investment of the aggregate periodic savings of a large number of people, when there is practically no expense connected with doing the business and when every depositor gets the full benefit of the earnings. If five hundred persons have subscribed for an average of ten shares each, they constitute an association which has $5,000 of new money to loan every month from dues, besides the interest paid monthly in advance on all outstanding loans. The money goes to the highest bidders on the pledge of a sufficient number of shares, and with satisfactory security on the property in which the money is to be invested. There are always members who wish to withdraw all, or part of their money before their shares reach maturity. A part of the accrued profits will be sacrificed to the association by such withdrawal, and the shares of the remaining members will the sooner reach the accrued value of two hundred dollars, or whatever sum has been fixed for their maturity. The principles of the system are simple and intelligible, while its details are somewhat complex and technical, varying in different associations. With these minor variations and technicalities I need not concern myself particularly here. The associations are fundamentally alike. They enable poor men to borrow money for legitimate investment at ordinary rates of interest and pay it back in easy installments. They are the most profitable kind of savings-bank for those who do not wish to borrow on their

shares and can afford to leave their accumulations untouched until the shares mature. It is, I believe, in the future that Minneapolis is to derive the most benefit from this kind of coöperation, but the results already accomplished are not insignificant. Eight associations are in existence, and they merit some description.

The most important is the "Hennepin County Catholic Building and Loan Association," which was incorporated in August, 1874. None but Catholics are eligible to membership, and its chief support has come from the Irish-American element. Among its founders and first officers were a number of young men who have since become prominent in business and politics. Mr. Matt. Walsh, now county treasurer, was its first president. The approved Philadelphia system was adopted in all essential details. The business of the association is done at the regular meeting on the second Saturday evening of each month, when dues of one dollar on each share are required to be paid. The matured share is two hundred dollars, and business is done on the basis of a nine-year period. Eight years was originally fixed, but in 1881 the longer term was adopted, which simply meant that profits did not accumulate quite so rapidly as had been anticipated. A new series of shares is issued and offered to subscribers, old and new, every year. In its earlier years the association did not do a large business; but since 1880 it has developed rapidly and is now the most flourishing in the state. Over sixteen hundred shares were taken of the twelfth series, the last one issued, and for three or four years previous the number averaged perhaps twelve hundred. The total receipts of the association for the year ending July 31st, 1886, were $112,726.47, and its accumulated assets amount to more than half a million dollars. For the current year its receipts will approach $10,000 every month. The first four series have matured, and the fifth, with two hundred and twenty-six shares outstanding, has nearly reached the maximum value of two hundred dollars per share. The rules of the association do not allow the loan

or "sale" of money at less than thirty per cent. premium, but the rule is not necessary as bidding is always active and the money is all kept loaned very closely at premiums averaging from forty to forty-five per cent. Interest is charged at the rate of six per cent. on the net sums received by borrowing members. The borrower is given a month in which to provide security satisfactory to the board of managers and to perfect arrangements. If he is building a house, he is permitted to borrow on the property in installments as the progress of the structure warrants. Members who have not borrowed on their shares and wish to withdraw the money they have deposited are not allowed interest for the first twelve months. From the twelfth to the thirty-sixth monthly meeting interest is reckoned at seven per cent. After the third year withdrawing members are allowed the net earnings on their shares less four per cent. Borrowing members who desire to pay back their loans before their shares mature are, in the language of the by-laws, "charged with the total amount of loan and premium, and credited with one-ninth of the premium for each whole unexpired year up to the ninth year, together with dues and interest, or profits on said dues, as the case may be." This "recognition of unearned premiums," as it is called, in dealing with borrowers, is an important feature of the Catholic Association. In the annual reports of the secretary, Mr. J. C. Scallen, a financial statement is made in which premiums on loans, so far as they have not yet been earned by the association, are treated as liabilities. On the same principle, members who borrow on shares which have passed the first year are credited with a rebate for each year that the series has run. The premium is regarded as something like a compound discount for the term of nine years; and if the borrower obtains money for a shorter period, his premium is correspondingly reduced.

The association began in 1874 with eighty-five members. Since that time its average increase of membership has been one hundred and thirty-five, although for the past five years

the increase has been much greater than that. The total number of certificates issued to members up to date has been 1,691. The receipts for the first month, in August, 1874, were $137.50. For August, 1879, they were $1,555.50; for August, 1880, $2,439.60, and for August, 1886, about $9,000. Such has been the growth of this association. A growing business does not increase expenses. Last year's handling of over $112,000 cost the association only $1,000. Its treasurer is under bonds of $15,000, its attorney of $10,000, and its banker of $20,000. There is no opportunity for defalcation, every detail of the business being open to all the members, and the money being loaned every month so closely as to require the frequent overdrawing of the association's bank account. To meet expenses, every member pays five cents per month on each share, making the dues one dollar and five cents. This brings in a larger amount than is necessary, but the surplus is invested wtih the other funds for the benefit of the association.

A principal object of the association was to encourage thrift and develop business habits and financial responsibility among the Irish-American workingmen of the city. It has from the first been under the patronage of the Catholic church, a parish priest being an *ex-officio* member of one of the standing boards. The success of the association in its moral and social, as well as in its business aspects, has been very marked. It should be said that although the membership is principally Irish, it includes American, French, Polish, Bohemian, and German Catholics. Some of the members are men of wealth and high business standing in the city; yet probably a majority of these men have attained their business prosperity since the association was founded, some of them certainly owing their success to assistance obtained from it. I am told, however, that ninety-nine per cent. of the members are people whose dues are paid from hard-earned savings, nearly all belonging to the wage classes. Assuming that loans average from $1,000 to $1,200 apiece, and that practically all of them are used to

secure homes (either by purchase, building or the payment of threatening mortgages), the association's income is now large enough to provide about one hundred homes a year. It has thus far made nearly six hundred loans, of which the large majority have in fact been so used as to assist workingmen's families to the ownership of the houses they occupy.

The secretary of this association could cite many interesting cases of families that have been especially benefited. A few years ago a thriftless man of unsteady habits was pursuaded after much solicitation to become a member. He was supporting a family on sixty dollars a month. He took five shares, and at the outset experienced much difficulty in saving the five dollars and twenty-five cents for monthly dues. His habits improved, however, and he subscribed for five more shares the second year. He increased his stock to fifteen shares the third year, to twenty the fourth year, and to twenty-five the fifth year, confessing that he now found it easier to pay the dues on the twenty-five shares than originally on the five. He drew $1,800 from the association and paid it out for a home. Mr. Scallen tells of a man who was supporting a wife and five children on one dollar and seventy-five cents a day. He held a house and lot on which there was a mortgage of $500, drawing ten per cent. interest. The semi-annual interest payments were extremely hard for him to meet. He yielded to much urging and joined the association, taking ten shares of stock, on which he borrowed the net sum of $1,120. He paid off the mortgage and with the $620 that remained he built a six-room addition to his three-room domicile, renting five rooms to another family for eighteen dollars per month. His monthly payments to the association, including interest, aggregated sixteen dollars and ten cents, or one dollar and ninety cents less than his income as a landlord. This clear surplus was enough to pay taxes. The man found himself carrying his shares and paying for a large house without drawing a penny from his earnings. It is unnecessary to

say that he is an ardent believer in building and loan associations. These instances are given because they show the system in actual operation. Others might be given which illustrate the benefits derived by "non-borrowing" members, whose money in the Catholic association earns about twenty per cent.

A careful calculation would show that the borrowing member has generally paid about eight per cent. for the use of the net sum he received. The premium with which he was charged has been counterbalanced by the profits earned on his monthly payments. In Minneapolis the borrower has in most cases been a great gainer from the rapid advance in real estate values. Frequently his property has doubled or trebled its value, and it would have been to his advantage to borrow for investment, even if he had paid much higher rates for the money. It should be said that the association has had no experience of losses from loans, and that foreclosures are practically unknown.

The Mechanics and Workingmen's Loan and Building Association of Minneapolis was founded a few days later than the Catholic association, and began business in September, 1874, with a membership of forty-five, Mr. George A. Brackett being its first president, and Mr. Selah Mathews, the present city clerk, being secretary. Its general plan is similar to that already described. It issues a new series of shares every six months, however, instead of every year, and eighteen series are now outstanding and in force, five having matured in an average period somewhat exceeding nine years. There have been issued 1,382 stock certificates, and about 5,300 shares are now in force, held by 750 members.

The business of the association has grown largely within three or four years, and its receipts may now be safely estimated at from $80,000 to $90,000 annually, making it one of the most important associations in the country. Its business is done very economically; an annual tax of twenty cents per share producing more than enough to pay all expenses.

While the Catholic association charges the borrower six per cent. on the net loan, the Mechanics' collects eight per cent. for the first year and diminishes the gross interest charge thereafter from year to year by deducting an amount equal to eight per cent. on the sum paid in for regular dues. There is no arrangement which fully recognizes the principle of unearned premiums, although the managers are empowered to make equitable settlement with a borrower who desires to pay his loan before the maturing of his shares. All persons are eligible to membership. Probably ninety-five per cent. of the members are mechanics, workingmen and clerks. The association has made two hundred and seventy-five loans, of which two hundred and fifty have built or secured homes. A few have enabled men to engage in remunerative business enterprises. The average premium bid for loans has been forty-two and one-eighth per cent., and the final cost to borrower is about eight per cent., while the "free holders" (those whose shares remain unpledged to the close of the series), gain about twelve per cent. annual compound interest upon their savings. Not a dollar has ever been lost by the association. Only three mortgages have been foreclosed, and these were immediately redeemed. The money of the association never lies idle in the treasury, the demand always being greater than the supply. The fact that the five hundred shares, to which the last series was limited, were all taken immediately without the aid of any kind of advertisement indicates the vigorous condition and excellent outlook of the association. Its present officers are well known citizens, Mr. Samuel L. Brearley being president; ex-Postmaster O. M. Laraway, secretary; County Auditor F. S. McDonald, treasurer; and Mr. Charles Robinson, attorney.

The Minneapolis Mutual Building and Loan Association was also organized in 1874, a few weeks later than the two described above. It began with about one hundred members, and has about that number now. It is said to have been fairly successful, but for some reason it has not de-

veloped a large business. Wealthy men own its shares in larger proportion than those of the other associations, although the great majority of members are workingmen. I have been unable to secure any statistics of this association; but it may be taken for granted that in twelve years it has built a good number of homes for workingmen. It is conducted upon what is known as the "Gross plan," as are the "Catholic" and "Mechanics'" associations, that being the most approved Philadelphia form twelve years ago when these three societies were organized.

The newer Minneapolis associations, five in number, are all conducted upon what is termed the "installment plan," which is preferable for its simplicity. Few of the members of the old associations thoroughly understand the wherefore of the system, and it is said that officers and managers in some instances have not altogether comprehended it, although its practical operation offers no difficulties. But the installment plan is readily intelligible. The borrower receives the full amount for which he bids, and pays the premium in monthly installments. The time basis is usually fixed at eight years and four months—just one hundred months; and the premium is paid in one hundred equal installments. The shares are fixed at fifty dollars, and the monthly dues at twenty-five cents. Borrowers receive fifty dollars on each share and pay six per cent. interest in monthly installments, which amounts also to twenty-five cents per share. Under this system the premiums obtained are generally much larger than under the other, from the fact that they are not deducted in advance but paid in easy installments. A premium of fifty per cent. would amount to twenty-five dollars on the share, to be paid in one hundred monthly installments of twenty-five cents. Thus the borrower would have to pay at each monthly meeting twenty-five cents dues on each share, twenty-five cents interest, and twenty-five cents premium. A subscriber for twenty shares borrows their full maturing value, which is $1,000. Let us assume that his premium is fifty per cent. His dues,

interest and premium installment will cost each five dollars a month. In one hundred months he will have paid $1,500, his shares will have matured and the obligation is cancelled. Apparently the loan will have cost the borrower only six per cent. In reality, however, it has cost him considerably more; for he pays six per cent. on $1,000 through the entire period, while he has paid back in the form of dues and premium installments one-quarter of the principal at the end of twenty-five months, one-half at the end of fifty months, and three-fourths at the end of seventy-five months. When a loan is repaid before the shares mature, all accumulated deposits, with the earnings, are deducted from the amount. As in the other associations, the interest money and premiums from the borrowing shareholders, with fines and transfer fees, all kept at compound interest, make up the earnings. The non-borrowing member who has twenty shares pays five dollars a month for one hundred months, or five hundred dollars in all, together with fees for incidental expenses amounting to about fifteen dollars for the entire period. He receives $1,000, and the reader may calculate the rate at which his savings have compounded. The perfect lucidity of this installment system wins it favor. The borrower finds it more convenient also because he knows just what sum will be advanced on his shares (provided his security is approved), while under the other system his net loan will depend upon the premium he finds it necessary to bid.

The Turners' Building Association (*Turner Bau-Verein*), of Minneapolis, was organized in October, 1877, on the installment plan which I have just described, by the German Turners of the city. Its incorporators and first corps of officers were well-known German citizens, Mr. I. Monash being the prime mover. The meetings are conducted in the German language and the by-laws and printed statements are in German. The association began with about forty members and now has one hundred and eighty. The outstanding shares number 2,341 in sixteen series. This

association divides the premium into ninety-six instead of one hundred monthly installments. Its assets at present are nearly $42,000. The German population of Minneapolis owes much to the good results of this association, a great majority of whose members are paying their dues out of wages of from six dollars to fifteen dollars a week. Two hundred loans have been made, of which at least one hundred and twenty-five have been for the purpose of securing homes. According to the plan of reckoning that is in vogue, a premium of sixty-eight per cent. makes money cost the borrower eight per cent.; and this is about the average premium paid. The rate is really higher, as I have shown. In cases of withdrawal from the association, six per cent. is allowed on the amount of deposits for the first year, and an increase of one per cent. for each additional year.

This association has never foreclosed a mortgage, or suffered a loss. Its expenses are very light. It has the favor and confidence of the German residents, and may reasonably expect its sphere of usefulness to increase.

The South Minneapolis Building and Loan Association was established in August, 1884, with sixty members. It has now one hundred and seventy-five members and three thousand shares of stock (maturing value fifty dollars) in force. Its time basis is one hundred months, and its business is done upon the installment plan as described. Twenty-six loans have thus far been made, all of them for the securing of homes. There is eager competition for money, and the premiums range from sixty to ninety per cent. The assets of the association are now about $10,000, the members are principally working people, and include a number of servant girls who carry ten shares apiece and deposit monthly savings of two dollars and fifty cents. A boy earning five dollars a week has twelve shares. The secretary some time ago received a letter from Aspelund, Goodhue county, making inquiries. As a consequence, a thousand shares of the association's stock are now held in

that village. The officers and members of this association are chiefly of Scandinavian nationality.

In 1884 was also organized the North Minneapolis association with seventy-five members, a number which has not greatly increased. It has thus far done a comparatively small amount of business, but there is prompt demand for its loanable funds at good premiums, and it is therefore a successful organization. Dr. P. M. Hall is its secretary.

The Central Building and Loan Association was organized in the spring of 1885, its members being chiefly clerks, book-keepers and men engaged in mercantile pursuits. Its membership has increased from seventy-five to one hundred and twenty-five, and about three thousand fifty-dollar shares of stock, issued in semi-annual series, are in force. It is too young to have accomplished large results, but it has already assisted eighteen members to secure homes or establish themselves in business.

The East Side Association is the most recent of all, having been founded in August, 1886. But it bids fair to become one of the most successful in the city. It is on the installment plan, with quarterly issues of new series. The majority of the members are employed in sash and furniture factories and planing mills. Two thousand or more shares have already been taken by eighty-five members. Mr. P. M. Endsley, who is an ardent believer in the advantages of building and loan associations, is the secretary of this association, and also of the Central and the South Minneapolis societies.

About one thousand homes have thus far been secured for workingmen in Minneapolis by the building and loan associations of the city, and their operations have only fairly begun. It may reasonably be estimated that two hundred and fifty more families will be domiciled through the agency of the associations in 1887, and that the number will increase a hundred a year thereafter for some years to come, producing results not only of great economic consequence, but of inestimable moral and social value.

CHAPTER IX.

THE BUILDING SOCIETIES OF ST. PAUL.

Although this *brochure* purports to give account of co-operative enterprises having their location or origin in the city of Minneapolis, it will not be amiss to record briefly the remarkable success of coöperative building and loan associations in the neighboring city of St. Paul. Nowhere else in the West have such societies accomplished results so notable. As against eight organizations in Minneapolis, there are forty in St. Paul; and as their average age and size are greater in the latter city than in the former, their tangible achievements are much more than five times as large. It requires time for such institutions to become thoroughly domesticated and established in the life of a city. So long as they remain something of a novelty the average workman will be suspicious of them, and will join the movement doubtfully, if at all, and after much argument and solicitation. Pennsylvania offers some especially favorable conditions for the success of building and loan associations, but they flourish by the hundred in that state chiefly because an experience of more than two generations has made the people familiar with their advantages, and has accustomed them to invest their savings through that channel. In Philadelphia, with its four hundred of these associations, the thrifty workingman who is not a shareholder is rather exceptional. Their success in St. Paul is quite as complete, all things considered, as in the Pennsylvania cities. They have become an accepted local institution, destined to play a growingly important part in the building up of the city and in the development of thrift and providence among wage-earners. Minneapolis is a newer city

than St. Paul, and a smaller proportion of its working people have settled down to the humdrum, old-fashioned process of getting on in the world by careful accumulations of small savings. St. Paul has a very large German element, and the Germans seem to adopt the building and loan association more readily than any other class. There are comparatively few Germans in Minneapolis. No single association in St. Paul is so large and flourishing as the "Catholic" of Minneapolis, and perhaps there is none so large as the "Mechanics.'" But the movement as a whole is many years more advanced in St. Paul than in Minneapolis. Three Minneapolis associations date back to 1874; but they were comparatively small and obscure until after 1880. The movement in St. Paul began in 1869, and ten years later, when the city had a population of nearly forty thousand, there were twelve associations, some of them being large and flourishing. The state census of 1885 gave St. Paul a population of 110,000, and in about half a decade the building associations have increased to forty.

Space and the purpose of this sketch would not justify a separate description of these forty societies. It must suffice to give a few general facts. The average monthly receipts of the associations are conservatively estimated at $2,000, or $80,000 altogether. This means an annual accumulation of nearly a million dollars, most of it saved from the earnings of the wage class or of people in very moderate circumstances. The men best qualified to express an opinion would say unhesitatingly that by far the greater part of this money would not have been saved at all, but for the associations. More than $10,000,000, it is claimed, has thus been garnered by the building societies of St. Paul, and invested in such a way as to confer the largest benefits upon thousands of families. No one will dispute the modest assertion that this sum of $10,000,000, saved from the earnings of the people and invested in homes for the people, has benefited St. Paul more greatly than twice the amount invested in any other way. The present total membership

of the associations can hardly be less than six thousand, representing fully one-fourth of the families of the city; and the average annual payments per member, including dues, interest and premium installments, exceed one hundred and fifty dollars. More than a thousand loans a year are made, and the great majority of them are invested in residence property. The estimate that from eight to ten thousand homes in St. Paul have been in whole or in part secured to their owners with money advanced by the building societies might seem extravagant, but I must conclude that the facts will bear it out. The houses of workingmen in St. Paul are smaller and plainer than those in Minneapolis, but a much larger proportion of them are owned by the occupants, for which the credit belongs to the societies of which I write.

The idea of the association was brought to St. Paul from Philadelphia by Mr. Theodore Sander, in 1869. To his enthusiasm and constant efforts, the success is due in no small part. He is now the secretary (and therefore chief executive officer) of three of the oldest and largest societies, the "Workingmen's," the "St. Paul Workingmen's" and the "Franklin." Mr. J. W. McClung, who is secretary of the "St. Paul Mutual," the original society, has been prominently identified with the movement from the beginning. Mr. A. V. Teeple is another of the foremost apostles of building societies. He is the secretary of the "North Star," "State," "Fort Street," and "Real Estate and Building" associations, and the president of another. Mr. E. R. Bryant is another successful organizer, and is to-day the secretary of not less than seven associations, including the "Capital City," "Columbia," "Rice Street," "Seven Corners," "Railway," and two West Side societies. Mr. E. T. Williams, who is the president of the "Railway," is secretary of three important associations, the "National," "Capital" and "Minnesota Savings." Prominent bankers and financiers are made treasurers, Mr. Albert Scheffer acting in this capacity for three societies, Mr. Herman

Scheffer for three, Mr. Louis Fisher, Jr., for six, Mr. William Dawson for two, and so on. Mr. Adolphus Moore is the president of three societies and Mr. C. H. Lienau of two. It is the wise policy of the societies to make their ablest business men officers and directors; and a full list of the men now serving in these capacities would include a large number of gentlemen known in business circles throughout the Northwest. Ninety-five per cent., however, of the total membership of the societies is composed of people in humble circumstances. It is not an unusual thing for a prominent banker to leave his business and go out to some suburban addition to examine property offered as security for an association loan of four hundred or five hundred dollars. These business men appreciate the value to the city of the building societies, and do all that in them lies to enhance their usefulness and prosperity. They are always ready to aid in furnishing security for loans to worthy workingmen who desire to build homes.

The large majority of St. Paul associations conduct their business on the installment plan. No association is made up exclusively of a class or nationality, although many have a distinct character. Thus the "Railway Loan Association" is composed almost entirely of railroad employés. Its fifteen directors are nearly all officials in the railroad offices. It has enabled a large number of railroad men, train employés, yard men and shop hands, as well as men in the offices, to build homes. They thus become permanent citizens, and their character as employés is distinctly improved. Another society, the "Real Estate and Building," is composed principally of young business men. Several are made up chiefly of Germans. In general, the foreign elements take more readily to the plan than American workingmen, and they constitute the major part of the aggregate membership. A number of the societies, as their names indicate, belong to particular neighborhoods or streets. All of them prefer to make small loans rather than large ones, and to have the stock distributed among as many members as possible.

Many of them restrict the amount which one person may hold, and several limit the size of loans to $2,000. In nearly all the societies loanable funds are promptly taken when offered. Premiums sometimes reach eighty per cent. in the installment societies, and the gains are sometimes at the rate of twenty per cent. a year. The average premium, however, is lower, being from sixty to seventy per cent., and money costs the borrower, according to the societies' plan of reckoning, about eight per cent., while the shares of the non-borrowing members are gaining in value at the rate of twelve per cent. annual compound interest. The losses of the societies have thus far amounted to practically nothing, and the foreclosure of mortgages has been of rare occurrence.

To these general facts nothing further, perhaps, needs to be added. Even this very meager notice is, so far as I am aware, the most extended account that has ever been made of this most potent and interesting factor in the development of the wealthy, prosperous and beautiful city of St. Paul.

The building associations do their work so unobtrusively, although so incessantly, that it is perhaps not strange that hasty observers should have failed to recognize their agency. St. Paul's recent statistics of population-growth, new house-building, and growth of taxable wealth have, like those of Minneapolis, been phenomenal; but I have never seen so much as a cursory mention made of the workingmen's co-operative building societies as a factor in this splendid material progress. It would be superfluous at the end of this sketch to express it as my own opinion that they have constituted one of the most essential factors. But even more important than their mere material achievements for the city and for their members individually, have been their social and moral value in counteracting the tendency of a city population to wider divergence between rich and poor and to the development of a proletariat class. The typical American citizen is a freeholder, and has a home which is

his castle. His independence and his virtue depend not a little upon his worldly condition. The building society is above all things to be commended as a conservator of the home and family institutions that underlie all our national greatness and power.

CHAPTER X.

UNSUCCESSFUL ATTEMPTS AT COÖPERATION.

Commercial statistics prove that the great majority of business undertakings result in failure. That a due proportion of enterprises begun on the coöperative plan should have a short and inglorious career ought to be expected. In most coöperative projects there are great difficulties to be overcome. It is a simple matter to draw up the articles of incorporation and to adapt by-laws from those of some other coöperative organization. Everything looks attractive on paper. The projectors are usually inexperienced and overconfident. They are impressed with the theoretical advantages of coöperation, and expect large results almost at the very outset. They are not prepared for the period of neglect and obscurity, of small internal disagreements, of business mistakes, and of every kind of unforeseen annoyance, that is likely to come when the first flush of novelty has disappeared. To succeed in coöperation men must bear and forbear, persevere, and learn wisdom by their mistakes. Courage to hold on through the first year or two of blundering and adversity is the price of permanent success.

An account of coöperation in Minneapolis would not be complete or altogether honest if it should omit allusion to attempts that have failed or are moribund. Without entering into much detail, I will mention several instances. The narrative of coöperation among the coopers contains reference to three or four short-lived coöperative shops. In one sense these may be listed as failures. But although the organizations were disbanded, the members were received in a body by one or another of the larger shops, and failure therefore was formal rather than actual. At least two or

three coöperative retail stores have failed, for the same reasons assignable for the early shipwreck of nearly all the coöperative mercantile ventures ever launched in this country. There has been lack of good management on the one hand, and of the right kind of purchasing members on the other. False expectations have led to easy discouragement. The existing Minneapolis Mercantile Company is in the hands of men who do not expect impossibilities and are willing to fulfill the conditions upon which success depends. It profits by the experience of its ill-starred predecessors. Several coöperative printing offices have been established in Minneapolis, none of which have succeeded. A well known establishment calls itself the "Coöperative Printing Company," but it is not now managed on the coöperative plan, if it ever was. Experience in job printing offices does not prove this business to afford an inviting field for coöperative effort. The managerial difficulties are formidable. Furthermore, printers are already so well paid where the typographical union fixes the scale of wages, that the pecuniary advantages of coöperation do not appeal to them strongly. The profit-sharing system might be introduced with good results in printing offices.

No recent coöperative undertaking in Minneapolis has opened on so large a scale as an organization of carpenters and joiners, entitled the "Northwestern Coöperative Building Association," which invited public attention early in the current year. It began, I am informed, with about fifty members, and was under the general auspices of the "Brotherhood of Carpenters and Joiners." It rented for its shop a large, unused skating-rink, and made an ambitious *début*. One afternoon in October (1886) I sought out the shop, which is at some distance from the central part of the city, full of the laudable hope that I might get material which would justify a description of the undertaking in these pages as a brilliant success. The door was locked, and a glimpse of the interior through an unshuttered window revealed the fact that the shop was abandoned.

Casual efforts to obtain full information have been futile; but I understand that the enterprise failed as the penalty for over-confidence at the outset. It had counted upon a fair-weather voyage. There had been left out of account the abstinence and sacrifice that the first season would demand. Members should have been content to draw the smallest possible wages until the company was firmly established. Instead of doing that, they began by allowing themselves larger wages than the business justified. I am told that the company collapsed with several unfinished houses on its hands. However that may be, and whether the suspension will prove permanent or only temporary, the over-sanguine beginning has been disastrous. If the company should reorganize, as is proposed, doubtless it will have profited by its first experience.

A small coöperative cigar-factory has existed in Minneapolis for two or three years, and I had hoped to be able to give a good report of it. But it is not to be found in its old quarters, and I am led to believe that it is totally extinct. It seems to have been in a death-stricken condition for some length of time. I have not learned the determining facts in its short and melancholy history.

A year ago there was in operation the "Coöperative Shirt Factory" of Minneapolis. It was a small affair, but it was begun with high hopes. Its members were eight sewing women. They were encouraged by the Knights of Labor, and were, in fact, members of a women's assembly of that order. Their organization was adapted from that of the cooper-shops. The president was also "forewoman," and the offices of secretary and treasurer were combined. The stock was in ten-dollar shares, to be paid by weekly assessments. Patronage was ample for some time, the Knights of Labor furnishing much of it. Members were paid piece wages and earned nearly twice as much as sewing-girls in other shirt factories. Several large orders were filled at good prices. But after some months of prosperity the business began to fall off. At length the factory suspended and its

members sought work elsewhere. It still has a corporate existence and some of its members talk hopefully of resuming the enterprise. The failure seems to have been due to a number of causes. None of the members understood the coöperative system entirely well, and there were perhaps some slight disagreements over questions of management. But one of the members attributes the want of success chiefly to the fact that the shirts were unskillfully cut and were unsatisfactory in the important essential of fitting. Knights of Labor do not like ill-fitting shirts any better than other men; and their devotion to the noble order and to the cause of labor reform will never sustain a shirt factory that lacks a skillful cutter. If the factory reopens, it will give this point primary attention. It is earnestly to be hoped, for the sake of sewing women and the factory-girl class in general, that this shirt factory will be reëstablished. While it had work to do, its members were able to earn net wages of from four to five dollars a week as easily as they would have earned two dollars and a-half or three dollars if employed in other factories. There need be nothing disheartening to believers in coöperation in the record of failures; for, rightly viewed, every failure is a step to ultimate success.

CHAPTER XI.

THE NEW IMPULSE.

Readers of the foregoing chapters can hardly have failed to note the fact that coöperation in Minneapolis has recently received a new and strong impulse. One or two of the flour barrel shops are of very recent origin. The shop engaged in general cooperage is a new venture. The grocery store, the land association and agricultural colony, the laundry, the painters' organization, the shirt factory and the coöperative house-building enterprise, are all of later date than 1884. Four of the eight building and loan associations have been established in this same period. This fresh impulse among workingmen to coöperative effort is chiefly due to the growth and activity of the order of Knights of Labor. The District Master Workman, Mr. J. P. McGaughey, of Minneapolis, is secretary of the National Coöperative Board of the Knights of Labor; and he and others of the Minneapolis Knights are zealous advocates of coöperation. The order has from five to ten thousand members in Minneapolis, and the discussion of such questions as coöperation at the meetings of its various assemblies, as well as in the weekly sessions of the delegate body known as the Trade and Labor Assembly, has great educational value. It is reasonable to believe that a few years hence this impetus will be seen to have produced large and permanent results. I am somewhat confident that it will lead to the establishment of successful mercantile enterprises. A great society like the Knights of Labor can lend the most valuable assistance to a coöperative store in the matter of securing members and patrons; and customers, obviously, are the prime essential. Once fairly established on the right basis in a good neighborhood, a coöperative grocery may count upon permanent

success, whether the order of Knights survives or perishes. In addition to the existing grocery in south Minneapolis, another on the same coöperative plan is about to be established in east Minneapolis. One has been organized in St. Paul and another in the town of Brainerd. All these projects are under Knights of Labor auspices and owe their inception to the Minneapolis store, which in turn owes its existence to the success of coöperation in the cooper-shops.

One of the most recent of the new enterprises is the "Minneapolis Coöperative Furnishing Company," which is just beginning business in south Minneapolis. The retailing of boots and shoes, clothing, and the articles known as men's furnishing goods will occupy its efforts for the present, although it contemplates a manufacturing as well as a mercantile business, and proposes to undertake other lines of trade such as hardware and household furniture. The incorporators are Scandinavians. The business will be conducted upon almost precisely the same plan in all respects as that of the "Minneapolis Coöperative Mercantile Company." The Scandinavians, who constitute perhaps one-third of the population of Minneapolis, have shown themselves to be excellent coöperators, and this new "Furnishing Company" has better prospects than if its incorporators were men of any other nationality.

A coöperative fuel company is a favorite idea with the Minneapolis workingmen, and steps have been taken towards the inauguration of such an enterprise. There is probably no line of business which a large body of organized workingmen could conduct so easily and successfully as a coal and wood yard, but for the iniquitous combinations in the fuel business which would endeavor to crush the coöperative company before its business was fairly established. In spite, however, of the artificial monopolies which control the production and sale of coal, I believe that the workingmen of a city like Minneapolis could establish a successful fuel company and effect large savings.

The Minneapolis Knights of Labor contemplate the erec-

tion of a central building, four stories high, the first floor to be rented for stores, the second to be arranged for offices, the third to be used for the lodge rooms of societies and the fourth to contain a large auditorium. The "Knights of Labor Building Association," of which Mr. Thomas A. Clark is president, is a joint-stock company organized on the coöperative system, for the particular purpose of constructing such a building. The company has a nominal capital of $100,000 divided into shares of five dollars. Organization was effected in June, 1886, and a hundred and fifty members were secured at once. Shares are to be paid for in monthly installments of ten per cent. A general subscription among the Knights is not to be expected until the location has been definitely chosen and plans adopted. When the money is actually required, it is believed that a very large number of subscribers for one or more shares can be obtained. No person will be permitted to hold more than two hundred shares. Each member has an equal voice in the election of officers and directors, whether he owns one share or two hundred; but the profits of the company are to be distributed, of course, in proportion to stock. It is desired to complete the building in time for dedication in the fall of 1887, when the national conference of the Knights of Labor is to be held in Minneapolis.

In March, 1886, a "Musicians' Protective Union" was organized in Minneapolis with fifty members, now increased to seventy. It constitutes an assembly of the Knights of Labor. Forty of these musicians are organized under the leadership of Mr. G. A. Schubert as a coöperative band. The company supplies a large or small orchestra or a cornet band as required. Some of the members have other occupations, some have not. All receive pay at the same rate, the leader included. The arrangement is pronounced a success by Mr. W. L. Mallory, secretary of the organization, who says that it enables the members to get more work and better pay for their services. Whether or not it has elements of permanence I do not know.

Enough has been said to make it evident that the idea of coöperation is beginning to have a strong hold upon the minds of Minneapolis workingmen. They are thinking about it, and are pondering its applicability to their own trades. The workers in sash, door and blind factories, the plasterers, and men employed in some other crafts and lines of manufacture, have begun to frame more or less definite plans for coöperative effort. Not one of these honest and manly attempts of wage-earners to become their own employers, obtain larger returns from their labor and achieve industrial independence can be wholly fruitless, whatever its apparent fate may be. Most of them, it is true, are humble and obscure; but far from being insignificant because they have their beginning among the "common people" and are not fostered or patronized by the aristocracies of wealth or culture, they are on that very account the more deeply significant. What men win for themselves is their own. Workingmen cannot have coöperation, or any other improved system of industrial organization, thrust upon them. Good influence, welcome encouragements and educational aids can be bestowed; but, after all, it remains for men to help themselves, asking no odds. Coöperation is the most admirable form of self-help because each man is helping his fellows to climb as rapidly as he climbs himself and the progress of all is facilitated. It develops and strengthens all the worthiest elements of manhood, while its disciplines and restraints are invaluable. When, therefore, in a given community considerable numbers of workingmen are found to be successfully practicing the coöperative system, with various other groups preparing to follow the example, there are thoughtful men who will deem this social fact quite as significant a mark of true progress in that community as the broad and beautiful streets, the palatial business structures or even the ample school buildings and costly churches.

COÖPERATION IN MINNESOTA.

The monograph entitled "Coöperation in a Western City," (Minneapolis), first published by the American Economic Association,[1] and reprinted in this volume, contains nearly all that is essential to a knowledge of the progress of coöperation in the state of Minnesota. The phenomena of grangerism were much the same in this state as in Wisconsin and Iowa, and even more transitory. I am not aware that a single grange store survives. The Patrons of Husbandry have been superseded by an active organization called the "Farmers' Alliance," which has chiefly a political character, and whose prime object seems to be the regulation of railroads and the reduction of freight rates. It has also given much attention to the inspection of grain and the practices of the great elevator companies that buy and handle the wheat of Minnesota and Dakota. As a result of this agitation stringent laws have been enacted. A number of coöperative elevators and grain warehouses have been built by farmers. Many local farmers' institutes have been held, and the Alliance is doing a useful work in urging the importance of diversified farming. In the southern half of Minnesota, the dairy interest is making remarkable progress, but not many of the butter and cheese factories are managed upon strictly coöperative principles, although, as in Iowa, they are in practical effect coöperative establishments. The farmers' coöperative insurance associations—called in this state "Township Mutual" companies—are not so numerous as in Wisconsin and Iowa. There were twenty-seven of them

[1] "Coöperation in a Western City," Vol. I, No. 4, publications of Am. Econ. Asso., 1886.

in 1884, and thirty-six in 1885, since which time the number has considerably increased. The reports of the state insurance commissioner do not contain a statement of the condition or the volume of business of these companies.

Building and loan associations are more numerous and prosperous in Minnesota than in other Western states. Since the publication of the monograph above referred to, additional associations have been established in Minneapolis and St. Paul. They are prospering in all the larger towns of the state—Winona, Stillwater, Mankato, Red Wing, Duluth, Fergus Falls, Sauk Center, St. Cloud, Austin, Albert Lea, Brainerd, and so on. There are probably from seventy-five to a hundred of these associations in Minnesota.

Under the auspices of the Knights of Labor a number of coöperative enterprises have been undertaken or are projected in Minnesota, including several stores and small manufacturing ventures. It is, however, too early to record them or to predict their fate. Suffice it to say that there is a new and strong interest in coöperation among the workingmen of the state, and that some permanent results may fairly be expected.

The large Mennonite settlements of Watonwan and Cottonwood counties include perhaps three thousand people. The principal villages are Mountain Lake, Butterfield and Brigham Lake. The land is held and cultivated in common, and the arrangements of the Russian "mir" are largely reproduced. The communities are highly prosperous. They are said to be showing signs of yielding to the customs of their American environment, although at present they are clannish and exclusive to an unusual degree.

The following law providing for the formation of coöperative associations was enacted in 1870:

"*Be it enacted by the Legislature of the State of Minnesota:*

"Section 1. Seven or more persons of lawful age, inhabitants of this state, may, by written articles of agreement, associate themselves together for the purpose of trade, or for carrying on any

lawful mechanical, manufacturing or agricultural business within this state, and when such articles of association shall have been executed and recorded in the office of the clerk of the city or town in which the business is to be carried on, such persons shall be and become a corporation, and enjoy all the powers and privileges, and be subject to all the duties, restrictions and liabilities set forth in all general laws in relation to similar corporations, except so far as the same may be limited or enlarged by this act.

"SEC. 2. The objects for which such association is established, and the place within which its business is to be carried on, shall be distinctly set forth in its articles of agreement, and it shall not do business in any other place or places than those mentioned in its articles, and the articles of agreement shall be recorded in the office of the clerk of every place in which it proposes to do business.

"SEC. 3. The business of the association shall be managed and conducted by a president, a board of not less than three directors, and a treasurer, who shall be styled a board of managers, and who shall be chosen annually by the stockholders, and shall hold their offices until others are chosen and qualified in their stead; and shall have such other officers as the association shall prescribe by their by-laws; and the mode of appointment and choice of such officers shall also be prescribed by the by-laws.

"Sec. 4. The first meeting of such association hereafter organized shall be called in the manner provided for calling meetings of corporations in the general statutes. Each association may make its own by-laws, provided they are not repugnant to this act, nor to the laws of the state, and shall file in the clerk's office of the place where they transact their business a copy of all by-laws made by them.

"Sec. 5. The amount of capital stock of such association shall be fixed and limited in its articles of association, and it may be any sum not exceeding fifty thousand dollars. The association may increase or diminish its amount and its number of shares at any meeting of its stockholders, especially called for that purpose, and within thirty days after the passing of any vote increasing or diminishing its capital stock, cause such vote to be recorded in the clerk's office of the place where its business is carried on, but no share shall be issued for less than its par value.

"SEC. 6. When the association shall have been organized, it shall be the duty of the board of managers to prepare a statement of the condition of the association, containing the amount of the capital stock, the par value of the shares, the number of shares issued, the name and residence of the shareholders, and the number of shares owned by each, and the same shall be filed and recorded in the

clerk's office of such city or town in which the association proposes to do business; and on or before the tenth day of November thereafter in each year, the board of managers shall prepare a statement of the same facts as they existed on the first day of November, with a statement of the kind and amount of the property of the association on that day, and of all its debts and liabilities of every kind, and the same shall be filed and recorded in the office of the clerk of each city or town in which the association does business. All the statements provided for in this section shall be signed and sworn to by a majority of the board of managers.

"SEC. 7. Such association may take, hold and convey such real and personal estate as is necessary for the purpose of its organization, and may sue and be sued in its associate name, and no member thereof shall be entitled to hold or claim any interest therein exceeding the sum of one thousand dollars, nor shall any member, upon any subject, be entitled to more than one vote.

"SEC. 8. No certificate of shares shall be issued to any person, until the full amount thereof shall have been paid in cash. No person shall be allowed to become a shareholder in such association except by the consent of the managers of the same.

"SEC. 9. If the board of managers shall fail to make the returns provided for in this act, or shall make untrue returns, they shall be jointly and severally liable for all the debts existing at the date of such return, or at the time when the same should have been made.

"SEC. 10. If any person shall recover judgment against any association created under the provisions of this act, and if, after the issue of execution upon such judgment, demand shall be made on the treasurer, or board of managers, for payment of the same, or for property to be exposed to satisfy such execution, and if the same shall not be paid or satisfied, the officer shall make returns of such fact, upon the execution or upon any alias execution that may issue, so long as any part thereof remains unsatisfied; and if, after thirty days shall have elapsed, the balance of such execution remains unpaid, the creditor may apply to the Superior Judicial Court, setting forth the facts, and praying for an injunction to restrain such association from alienating or transferring any of its property, and doing any business until such judgment is satisfied; and the said court shall grant such injunction, or the creditor may apply to the district court in the county in which such association has a place of business, setting forth the facts, and after due notice and hearing thereupon a warrant shall issue under the law in relation to insolvent corporations, and proceedings shall be had as in other cases of insolvent corporations; and said association may

at any time apply for the benefit of the acts in regard to insolvent corporations.

"SEC. 11. There shall be such distribution of the profits or earnings of such associations among the workmen, purchasers and stockholders, as shall be described by the by-laws, at such time therein prescribed, and as often, at least, as once in twelve months. *Provided:* That no distribution shall be declared and paid until a sum equal, at least, to ten per cent. of the net profits shall be appropriated for a contingent or sinking fund, until there shall have accumulated a sum equal to thirty per cent. in excess of such capital stock.

"SEC. 12. This act shall take effect and be in force from and after its passage.

"Approved March 4, 1870."

Certain requirements in this law were not found practicable, and the earlier of the Minneapolis barrel companies preferred to begin business under ordinary articles of incorporation. In 1881 the four barrel companies then existing secured the emendation of the law, and a special act of legislature authorizing them to conform their charters to the provisions of the amended statute on coöperative associations. The amendments of 1881 are as follows:

"*An act to amend Section Five* (5) *and Eleven* (11) *and repeal Section Six* (6) *of Chapter Twenty-Nine* (29) *of the Laws of A. D. One Thousand Eight Hundred and Seventy* (1870) *Relating to Coöperative Associations.*

"*Be it enacted by the Legislature of the State of Minnesota.*

"SECTION 1. That section five (5) of chapter twenty-nine (29) of the laws of A. D. one thousand eight hundred and seventy (1870) be, and the same is hereby amended, so as to read as follows:

"Sec. 5. The amount of capital stock of such association shall be fixed and limited in its articles of association, and it may be any sum not exceeding one hundred thousand ($100,000) dollars. The association may increase or diminish its amount and its number of shares at any meeting of the stockholders especially called for that purpose, and within thirty (30) days after the passage of any vote increasing or diminishing its capital stock, cause such vote to be recorded in the clerk's office in the place where its business is carried on, but no share shall be issued for less than its par value.

"SEC. 2. That section six (6) of chapter twenty-nine (29) of the laws of A. D. one thousand eight hundred and seventy (1870) be and the same is hereby repealed.

"SEC. 3. That section eleven (11) of chapter twenty-nine (29) of the laws of one thousand eight hundred and seventy (1870) be and the same is hereby amended so as to read as follows:

"Sec. 11. There shall be such distribution of the profits on earntngs of such associations among the workmen, purchasers, members and stockholders as shall be prescribed by the by-laws, at such times therein prescribed, and as often, at least, as once in twelve (12) months.

"SEC. 4. This act to take effect and be in force from and after its passage.

"Approved November 17, 1881."

The Minnesota law has now been well tested, and it is deemed satisfactory in all essential respects.

COÖPERATION IN WISCONSIN.

A sketch of coöperation in the state of Wisconsin falls naturally into three parts, which have no vital connection with one another. The first part has to do with the half-literary, half-philanthropic and wholly impracticable attempt in the decade following the year 1840, to establish coöperative communities upon the principles of Fourierism—a movement which owes its fame less to its relative importance in the history of social experimentation than to the fact that it included brilliant men of letters who have utilized it to the utmost as literary material. The second part has to do with the farmers' movement known as grangerism, which was active between 1870 and 1880. The third part embraces the coöperative features of the present "labor movement," and must of necessity deal with incipient undertakings.

The Wisconsin Phalanx.

American communities founded under the impulse of Fourierism have been made famous in the proportion of their famous men rather than in the proportion of their success. The Wisconsin phalanx, as a social and industrial experiment, was a more rational undertaking and was productive of better results than the Brook Farm, North American, or other Eastern "phalansteries." A detailed account of it would scarcely comport with the plan of the present volume, and may be found elsewhere, but a brief sketch will be admissible. The late Mr. J. H. Noyes, in his "American Socialisms," faithfully records the history of American Fourierism, and Mr. Frank A. Flower, in the second biennial report (1885–6) of the Bureau of Labor and

Industrial Statistics of Wisconsin, devotes an interesting chapter to the Wisconsin phalanx. Wisconsin was a territory on the far western frontier in 1844; and those who know something of the privations of scattered pioneer life can the better understand how attractive the plan of a coöperative community—as then glowingly advocated by Horace Greeley, Albert Brisbane, George Ripley and the other members of that familiar group of enthusiasts—might well seem to aspiring and intelligent people in a new territory. In the winter of 1843–4 the people of Southport (now Kenosha), and vicinity discussed the subject of Fourierism in its various aspects at the meetings of the village lyceum, and out of the discussion grew the determination to found the Wisconsin Phalanx. A tract of seventeen hundred acres of admirable land was selected and bought at the government price, in Fond du Lac county, near the present city of Ripon. An advance party of twenty men, with "teams, cows, tools, provisions and tents," reached the charming spot, May 27th, 1844. It is said of them that "they were as good material, probably, as was ever got together for a like experiment. They did not belong, even in part, to the class of the 'unappreciated, the played out, the idle, and the good-for-nothing generally;' on the contrary, they were persons whose industry and general shrewdness had already been coined into a good equipment of live stock, farm materials, implements, and other necessities for fitting out a new enterprise. What was better, they had all, as pioneers, undergone that training in hard work and privation, which fortified them against discontent and homesickness. They were rather religious than irreligious, and among them were two who had studied as preachers in evangelical denominations; but there was nothing like religious bigotry visible in the Phalanx; on the contrary, everybody was liberal." The president's report for 1847 shows a resident membership of one hundred and fifty-seven, there being thirty-two families and a number of unmarried adults. The living was on the "unitary" plan, the association occupying a

building four hundred feet long which consisted of two rows of tenements with a large hall between. A majority were fed at the common table, while those who preferred were supplied with meals in their own apartments. The organization of industry was simple. The various branches of work, chiefly agricultural, were in charge of competent persons chosen as foremen, and the members distributed their services voluntarily, and were paid by the hour. It was not found feasible to discriminate in wages between the more skillful and efficient and the less capable. All members had an equal voice in the election of officers and the government of the association, although the stock of the corporation was held in varying amounts. Net profits were apportioned between labor and stock—three-fourths to the former and one-fourth to the latter. Dividends to labor were distributed in the ratio of wages. The portion that was awarded to dividends on stock paid twelve per cent. the first year and a fair per cent. in subsequent years. The association was financially a success from the beginning to the end. The people enjoyed a much higher material standard of living than their pioneer neighbors, and their intellectual and social advantages were greatly increased by their mode of life. Mr. Flower is justified in saying that if the society "had continued as it began until now, it would have been a center of great wealth and power." "From a financial standpoint the Phalanx was in every way successful. The members were in more than usual health, had an abundance of good food, were not in any instance overworked, had few or no cares and struggles, were well-informed and progressive, had no need of jails, lawyers or courts, yet in 1850 steps were taken for its peaceful dissolution, which soon after followed." Fourierism carried cooperation to the verge of communism. All the members of the Wisconsin Phalanx "were American-born and thoroughly imbued with American ideas." Life in a phalanstery, where the man of brains and ambition works side by side, at the same daily wages, with the unskilled and unprogres-

sive laborer, and where the system promises nothing different, is not compatible with American ideas. The abler men in the Wisconsin Phalanx could not resist the opportunities to grow rich by speculation which a developing country affords. The pent-up life of the society became irksome. Such experiments, though foreordained to short life, have perhaps left behind them an influence not always estimated at its true extent and value.

Grange Coöperation.

The grange movement in Wisconsin followed a course in general respects similar to that in other Western states, although in this state the legislative crusade led by the grange against the railroads was notably fierce, and absorbed the principal force of the movement. The coöperative work of the order in Wisconsin was much the same as in Iowa. The stores and distributive agencies established in the decade following 1870 were numerous. They served their temporary end, and few survive. "The largest grange store," says Mr. Flower,[1] "was in Milwaukee; one of the most successful, in Brandon, Fond du Lac county, of which ....R. C. Kelly is manager. It was organized in 1877 under the revised statutes by the Brandon Coöperative Association, with fifty stockholders—farmers and grangers. The stock was limited to $10,000, shares at five dollars apiece. At the outset the association put in $2,000 and borrowed $2,000. 'We pay,' says Mr. Kelly, 'ten per cent. interest on capital, payable in new stock. The balance of the profits is divided among the stockholders in proportion to the amount bought during the year, this also to be paid in new stock. We have now a paid-up capital of $10,000, with some surplus. We have regular meetings of stockholders every three months.'" This prosperous coöperative store has survived ten years, and has promise of permanence. It

[1] Report of the Commissioner of Labor Statistics.

has found the right method in paying a fixed interest on capital stock and dividing surplus profits in proportion to purchases. Two-thirds of its patronage is from non-members; and a plan by which they should be admitted to some share in the benefits would be advantageous to the institution. At Brodhead, Green county, there is a grange cooperative store, established in 1881. Its annual business amounts to $30,000, and it pays dividends of eight per cent. Mr. Flower quotes one of the officers who says: "The association was formed for the purpose of reducing the cost of general merchandise to consumers. We have done that, and our stockholders are satisfied." Details as to organization are not given, but it may be inferred that the profits are distributed on the basis of stock. "There are," adds Mr. Flower, "grange or coöperative stores at Evansville, Brooklyn and Greenbush managed upon similar principles, while some, notably that at Stockbridge, Calumet county, employ a purchasing agent merely, who buys a quantity at wholesale rates and sells to members of the Grange at the same price, freight charges added." The same authority attributes the failure of many grange stores and agencies to the fact that "when members of the Grange wanted to make purchases on credit they went to other places; and then, when they had cash in hand, naturally felt in duty bound to continue trading where they had been accommodated in time of need."

The Wisconsin Patrons of Husbandry maintain a state agency at Milwaukee which serves them very effectively, chiefly as a bureau of information, but also as a purchasing and forwarding bureau. Mr. L. G. Kniffen, the state agent, is reported in 1886 as saying:

"For eleven years we have shipped sugars at actual cost, receiving nothing for cartage or shrinkage; nails at an advance of five cents a keg; barbed wire at one-eighth to one-quarter of a cent a pound profit from car-lot prices, or an advance of about five per cent. for small lots to farmers on net wholesale rates. On some goods we have an average of six or seven per cent. profit. The savings to our patrons varies according to the advantages they have

in their local markets. On teas I think we save patrons fully twenty-five per cent., and the same on coffee, lubricating and burning oils. On binding twine we save them five cents a pound . . . .

"We sell here about $100,000 per annum on an average, and mail prices and answer letters sufficient to sell ten times the amount. Our correspondence is simply immense. Farmers use this agency as a bureau of information more than anything else, and as a regulator of local trade. Perhaps out of ten inquiries from new customers we get one order. The information imparted in the nine other letters is used to enable the writer to buy more intelligently or to better advantage at home. We do not sell on time, and it is probable that a large portion of our correspondence is from parties who have not the means to buy for cash, and so do the best they can for time purchases where they have a local credit. The general desire of parties who send for goods is to save fully twenty-five per cent. on their purchases, and we are able to save them that on many things. For fear of disappointing them we sell all staples at about net cost to us without a margin that covers expenses. We do not restrict our sales to members of the grange, but correspond with farmers generally. We have not aimed to do more than cover expenses."

This plan of a central agency is evidently worth while, and it might well be put in operation by the farmers of many other states.

Farmers' Coöperative Insurance.

As in Iowa, the most lasting and noteworthy of the results of the coöperative impulse of grangerism in Wisconsin are the neighborhood mutual fire insurance associations. The New England town (township) is more fully reproduced as a unit of organized local government in Wisconsin than in Iowa, and is a much more conspicuous fact. In Iowa the farmers' insurance companies are on a county basis. In Wisconsin they are "town" companies. The law requires that the name of each company shall include the name of the town in which its office is located. Membership and business, however, are not restricted to the one town. Adjoining ones may be added by a two-thirds vote of the members of the association, the maximum limit being twenty towns. The number of these companies has grown

steadily since 1870, and the report of the State Commissioner of Insurance for 1886 contains a list of one hundred and forty-five that were doing business in the preceding year. I ascertained that these companies had outstanding on January 1, 1885, policies aggregating upwards of $39,000,000, and that they issued during the year 1885 more than $12,000,000 of new policies. The losses incurred for the year were only $45,136—about one-tenth of one per cent., and their total expenses were only $15,607, or slightly more than one hundred dollars for each company. It may be safely asserted that the town insurance associations are saving the farmers of Wisconsin $300,000 or more every year in premiums.

The Coöperative Plumbers of Milwaukee.[1]

The most successful attempt at industrial coöperation in Wisconsin, and one of the most important in the United States, is that of the Coöperative Plumbing and Gas Fitting Company of Milwaukee. In April, 1885, a quarrel between the Master Plumbers' Association and the Journeymen Plumbers' Union resulted in a strike of fifty-five men employed in fourteen shops. This number included nearly all the journeymen plumbers in the city. Both parties were stubborn and the breach widened. The national organizations of master plumbers and journeymen plumbers lent countenance and support to the combatants respectively. At length in June, after two months of contention, with the advice and under the auspices of the national association, the journeymen united in a coöperative organization and resumed work as their own employers. The "Plumbers' International Union," which had created a fund to be used in the encouragement of coöperation, determined to improve the Milwaukee situation and make a practical beginning.

[1] I am under especial obligations to Mr. Matt. J. Simpelaar, the efficient Assistant Commissioner of the Wisconsin Bureau of Labor and Industrial Statistics, for aid in preparing this account of the Milwaukee plumbers.

The headquarters of Patrick Coyle, then the president of the international union, were transferred to Milwaukee. The Union had been paying married men ten dollars a week and unmarried men six dollars during the pendency of the strike from its benefit funds. It now advanced from its coöperative fund the money necessary to start the business.

The coöperative shops began with thirty-five journeymen and seven helpers. Ten unmarried strikers had gone elsewhere for work, and a few others had obtained work in shops against which the strike had not been made. The new enterprise, therefore, provided for all the union men who were not elsewhere employed. The necessary license and bond were readily procured, and on June 22nd the cooperators opened four shops in different parts of the city. The president of the international union assumed the general management, in conjunction with an executive committee chosen by the men, and a foreman and an assistant foreman for each shop were appointed by the executive committee.

In spite of the efforts made by the master plumbers to prevent the coöperatives from obtaining materials and patronage, the new undertaking was an immediate success from a business standpoint. For the period of nearly two years since the shops were opened there has been no dearth of work, and no member has lost a single day unless by his own choice. The coöperative company's business for 1886 aggregated nearly $70,000. This figure should be considered in connection with the fact that labor constitutes nine-tenths of the cost of plumbing. Coöperation has quite revolutionized this line of business in Milwaukee. The city records show that in 1886 the coöperative company obtained more plumbing permits from the Board of Public Works than all other shops combined; and there seems no doubt of the further fact that it secured the contracts for plumbing a majority of the larger and more important buildings.

The Milwaukee public may well sustain this coöperative enterprise, inasmuch as it has reduced the cost of plumbing

fully thirty-three per cent. The current impressions as to the extortionate charges of plumbers have a foundation in fact. "Many a plumber has grown rich upon the labor of a half-dozen men, which accounts for the numerous small shops employing only two or three men, the 'boss' nevertheless being able to superintend the work in his carriage." The Milwaukee coöperators now include fifty-six men,[1] seven of whom are apprentices. Previous to the establishment of the present association, these same men, or a like number, were managed by no less than ten bosses and ten foremen. The bosses, who were merely ornamental and maintained at a great cost to the community, are now dispensed with, and four foremen suffice to superintend the work of fifty-six plumbers, the foremen themselves working with their hands and getting only ordinary pay. The only salaried officer is the president of the international union, who, while acting as manager of the coöperative company is also foreman of the central shop. This economical organization of industry is not only advantageous to the men themselves, but obviously it is of large and direct benefit to the public. It has compelled the old shops to adopt a much less luxurious mode of doing business. There are, I am informed, nineteen of these old-time shops still existing in Milwaukee, "representing about fifteen practical plumbers, the majority of the bosses themselves working. Outside of the bosses there are not quite a dozen journeymen in the city. They are, however, making them fast out of apprentices." This testimony that the Milwaukee master plumbers are reduced to the necessity of toil is an interesting tribute to the success of coöperation. The reduction of one-third in the cost of plumbing still leaves a reasonable profit, and the coöperative company obtains for its work prices that are remunerative and satisfactory.

For certain technical reasons, the company has not yet become incorporated, and I am not minutely informed as to

[1] March, 1887.

the details of its organization and management. The money invested by the International Union is in the nature of a loan. Mr. J. P. Donelly, who is now the president of the Union, manages the company's business and represents the Union's interest. Ultimately, the workmen will repay the loan and the entire control of the business will revert to them. At present they draw seventeen dollars a week as wages, and permit a considerable surplus to be paid into the treasury of the International Union, towards the extension of the business and the replacement of the capital advanced. Profits thus far have been used in the accumulation of capital, each member being duly credited. All surplus, after payment of wages and other expenses, is apportioned upon the books of the company on the basis of wages. There has been no issue of stock, and investments of capital have no consideration in the distribution of profits. Excepting a collector and a book-keeper, all persons connected with the company are practical plumbers. The chief advantage thus far gained by the workmen has been that of constant employment at remunerative wages. In the early future they may expect to have their incomes enhanced by considerable profits from the ownership of one of the most extensive plumbing establishments in the country, with a capital of many thousands of dollars.

The International Union has established a large store in connection with the shops, in which is carried a heavy stock of the plain and ornamental wares pertaining to the plumbing business. The store is conducted as a department of the business of the "Coöperative Plumbing and Gas Fitting Company," all profits going to the members.

No difficulties, so far as I am aware, have been encountered in the conduct of this important enterprise. The men are fully satisfied, and none have withdrawn. Wages are adjusted by the executive committee, chosen by vote of all the members. The aid and surveillance of the International Union has doubtless been of great advantage, but it is not to be understood that the Union has stood in the place of

an employer or "boss" to the men. It has been rather a patron and a surety. The members are not deprived of liberty in the management of their affairs, and feel no restraint from the connection with the Union, yet that connection is of very essential importance to their enterprise. It has been maintained wholly in their interest, and will not be dissolved until it is mutually agreed that the plumbers of Milwaukee are fully competent, financially and in all other respects, to carry on a large business, successfully and permanently, on the coöperative plan.

The plumbing trade seems to me to afford a peculiarly inviting field for coöperation. The wealth-absorbing "boss" really seems to perform no important function. He has no knowledge of plumbing which his foreman lacks, or which all journeymen ought not to have. Coöperation in this line is not subject to the managerial difficulties encountered in a manufacturing business where the margin of profit is uncertain, where the market is varied and often very distant, and where a high order of business talent is requisite. Nor is it subject to the difficulties in wage-adjustment which arise where there is large subdivision of labor. It has the further advantage of requiring small outlay of capital, either in shop plant or in materials. Labor is the chief element of cost in the finished product. Furthermore, no originality, inventive genius or trained proficiency in sanitary engineering is required. That is all supplied by others. Plans are furnished by the architect, and those plans in most cities must be approved by a public building inspector or some corresponding official. The plumber bids for the job as called for in the plans. The public is protected by an official test of the work when completed. In all this there is nothing whatever to require the intervention of a boss. He is a costly incubus, and his removal gives the working plumbers, acting for themselves, a decided advantage in competition with shops which still have to support bosses. This advantage is so marked that it is not easy to see how any group of practical plumbers organizing co-

operatively in any American city, can do otherwise than succeed, if they observe the ordinary rules of business and association. It is to be hoped that the International Union will follow up its brilliantly successful experiment in Milwaukee with similar undertakings in other cities, or else that the local Unions may prepare on their own responsibility to attempt coöperation.

The Milwaukee Coöperative Coopers.

It has been fairly proven at Minneapolis that productive coöperation is applicable to the cooper trade. Extensive breweries, flour mills, meat packing establishments, cement works and other industries which require barrels, give work in Milwaukee to cooper shops employing several hundred men. It would be to the great advantage of these journeymen coopers if they should all organize themselves into coöperative associations. A beginning has at length been made, and it may reasonably be expected that other groups of Milwaukee coopers will soon follow the example of the men who are successfully conducting the "Coöperative Barrel Works." Through Mr. Matt. J. Simpelaar, who represents at Milwaukee the State Bureau of Labor Statistics, I have obtained the following statement from Mr. Leopold Ries, president of the barrel works:

"We organized about October 1, 1886, after almost a year of deliberation. Our capital stock is $10,000, of which twenty per cent. is paid in under the laws of the state. We have now altogether twenty-two shareholders, who are all working, some of whom have paid in their full share of one hundred dollars, others seventy-five dollars, fifty dollars or twenty-five dollars—sufficient to make the requisite twenty per cent. The men look cheerfully to the future. We pay the union price upon all labor, and the surplus is put into a fund from which to declare our dividend, if any, after paying the running expenses. We have bought four lots on Vliet street, between Nineteenth and Twentieth streets, for $4,300, and are now building a shop of sufficient size to employ forty men, and which will cost $2,000. We levy an assessment of two dollars per month upon every member to pay interest and taxes. At our last regular

meeting a resolution was adopted to limit the number of members to fifty. We have been very lucky in obtaining contracts, and the ready money upon delivery of goods facilitates our work greatly. There is a trifle more profit in brewery work than in provision cooperage, because in the former all work is made 'from the rough.' We receive one dollar and twelve cents for every pork barrel, of which we pay thirty-two cents for the making, two cents for delivery, and seventy-six cents for ready material, leaving a net profit of four cents per barrel. The mortgage upon the lots in the name of the society is payable in four years from January 1, 1888. One hundred dollars has been paid in cash. Our undertaking has quite demoralized one of the leading shops, as the contractor could not fill his contracts for want of men. We expect to occupy our new shop about April 1. At present we rent a shop located at 716 Lloyd street."

The printed by-laws of this association do not specify the manner of distributing dividends. It is provided that each member shall hold a single share of capital stock (one hundred dollars), and that all additional shares shall be held by the company in common. Experience must be awaited to show whether such a plan is better than that of the Minneapolis shops, where the members are equal stockholders but have issued to them in shares their full portions of the accumulated capital of the company. The latter plan facilitates settlement upon the withdrawal of a member, and makes it a perfectly simple matter to determine the basis upon which a new member may be admitted. The Milwaukee shop is soundly organized and prosperously under way, and it can readily adopt any minor changes in its constitution that its experience may find to be desirable.

Other Instances in Wisconsin.

Besides the plumbers and coopers of Milwaukee, there are no large cooperative associations engaged in productive enterprises, so far as I am aware. In 1886 the Standard Art Glass Company of Milwaukee, manufacturing fine articles of flint-glass table-ware and novelties, was organized upon a cooperative basis. It had been unsuccessful in the hands of previous proprietors. I am unable to learn any-

thing of the present condition of the company. In St. Croix county the "Hudson Barrel Company," including only four or five men, has been making flour barrels on the co-operative plan for two or three years, to the entire satisfaction of the members. The Menominee "K. of L. Ice Company" is a coöperative venture which has been engaged for two seasons in the storage and sale of ice, and is said to be in a condition of growing prosperity. The present year finds the labor organizations of Wisconsin, as of other Western states, freshly interested in coöperation, and devising various undertakings, both mercantile and industrial, of which it is too early to write anything.

Building and Loan Associations.

The laws of Wisconsin make ample provision for the organization of coöperative building and loan associations, and describe with quite unnecessary minuteness the methods to be followed by such societies. But only a beginning has been accomplished by them as yet in that state. Mr. Flower gives a list of ten associations, of which two are in Milwaukee, three in La Crosse, and one each is in Appleton, Madison, Oshkosh, Sheboygan, and Chippewa Falls. None are more than five years old. The "Mutual Loan and Building Association" of La Crosse was organized in 1882. It has three hundred and sixty-three members, has loaned $82,000, and has enabled one hundred and forty-six borrowers to build homes—an exceedingly creditable record. The "Provident Loan and Building Association" of the same city was established in 1884. It had three hundred members, had made loans of $44,750 to sixty-eight borrowers, and had enabled thirty-nine members to build homes at the time, in 1886, when its report was made to the Bureau of Statistics. The third La Crosse association was formed in 1886. The largest association in the state is the "Mutual" of Milwaukee, which, although organized as recently as 1884, was able to report in 1886 a membership of seven

hundred, and loans aggregating $190,000 made to one hundred and eighty borrowers, all of whom had been enabled to build homes. The "Savings and Investment Association" of Milwaukee devotes itself more particularly to the object of aiding workingmen to procure building lots at a low price. It was organized in 1883 and had four hundred and eighty-seven members in 1886, having loaned $87,000 to two hundred and eleven borrowers. It had sold five hundred and sixty-one building lots at an aggregate price of $104,195.34—less than five hundred dollars per lot, and thirty-three houses had been erected on the lots sold. Of the ten associations mentioned, one was established in 1882, two in 1883, two in 1884, two in 1885, and three in 1886. The movement is evidently a growing one, and its rapid extension may be predicted with the utmost confidence.

Profit-Sharing in Wisconsin.

The only manufacturing establishment in Wisconsin, so far as I am aware, which has adopted a system of profit-sharing, is the "Hoffman and Billings Manufacturing Company" of Milwaukee, employing about two hundred men in the business of an iron and brass foundry. On April 21st, 1886, the following letter was addressed to the employés of the company:

"Beginning with January 1, this year, we propose to divide the profits made in our business upon the following basis: After allowing seven per cent. interest on actual capital invested, the remainder will be divided equally upon the total amount of wages paid and capital employed. Our pay-rolls for the year will amount to about $125,000, which would receive about one-quarter of the net profits. Each employé will get his proportion according to the amount of wages paid him for the year. This will apply to employés who have served this company six months or over within the year, and who have not been discharged for good cause. To make the proposition binding, we will draw up a legal contract to that effect, and deliver the same into the hands of a representative of our employés whom they may see fit to elect."

The proposition was made at the time when the great eight-hour agitation of the spring of 1886 was engrossing the attention of the employés of the Hoffman and Billings company. The organizations of workingmen engaged in the short-hour movement forbade the acceptance of the proposition. Some weeks later, when the eight-hour strikes had run their unsuccessful course, the offer was renewed and accepted. The men work fifty-five hours a week instead of sixty, and receive full wages for the ten-hour day maintained by rival establishments, and the company seems to regard the reduction of hours as resulting in unmitigated loss, since "the men work no more faithfully—earn no more in a given time than before." Under date of March 21st, 1887, Mr. J. B. Kalvelage, secretary of the company, writes me as follows:

"As a result of last year's profit-sharing, we are enabled to pay a dividend of one per cent. on amount of wages paid. Our pay-roll foots up about $120,000, which will necessitate us paying to employés about $1,200. This is in accordance with the profit-sharing scheme proposed last year—after paying seven per cent. to capital employed, the remainder of profit, if any, to be divided equally upon amount of wages [and capital?] paid during the year. We are now paying the dividend thus declared, and of course cannot speak from experience yet. We hope our employés will do their duty towards the firm, and if that point can be gained, it is all we can reasonably ask or expect."

I infer that the experiment is to be continued. The tendency of profit-sharing towards increased fidelity and interest and an improved *morale* among employés is unquestionable, and the Milwaukee establishment may expect in good time to realize satisfactory results if the plan is persisted in.

Since the beginning of 1880, *Der Herold* company of Milwaukee has pursued the policy of paying the printers who have been in its employ five years a "bonus" of five per cent. upon the earnings of the fifth year, and a like dividend upon the aggregate piece-work wages of every subsequent year. In 1880 very few employés were entitled

to the dividend, but the number has increased every year since. About twenty-four piece-work compositors are employed by the company. Mr. W. W. Coleman, president of *Der Herold* company has also instituted among the employés of the establishment a mutual aid society, which pays five dollars a week to members in case of sickness. Membership dues are only twenty-five cents a month, Mr. Coleman contributing to the fund a sum equal to the aggregate amount paid by the members. When a death occurs each member pays a special assessment of one dollar, and Mr. Coleman adds an amount equal to the total of the assessments, for the benefit of the family. An assessment half as large is paid when a member's wife dies. When the treasury of the aid society contains more than five hundred dollars, dues are suspended until the fund has decreased to two hundred and fifty dollars. And for the past two years no dues have been required. Mr. Coleman's simple but generous provisions for the welfare of his German printers and their families are highly commendable.

The New Coöperative Law.

Practical inconvenience had been suffered by groups of men endeavoring to associate themselves in coöperative enterprises in Wisconsin, on account of the lack of suitable laws. Mr. Frank A. Flower, the state commissioner of labor and labor statistics, drafted a bill to meet this want, and with some amendments it was enacted into a law by the legislature of the present year, 1887. It is believed that this new law will facilitate the progress of coöperation.

COÖPERATION IN IOWA.

The various and important ways in which the public-land system of the United States has affected the distribution of population and the social and industrial life of the Western states, have never been adequately studied. The normal size of a farm in the states of the Mississippi valley is one hundred and sixty acres. The reasons are to be found in a series of laws dating back more than a hundred years, interwoven with the unwritten customs which have grown up as an important part of American farm economics. One obvious effect is a life of comparative isolation, the farm houses being half a mile apart on the average. This isolation has fostered economic independence. It has imposed physical limitations upon organization or coöperation for productive purposes. Opportunities for the division or exchange of labor and the joint engagement in enterprises of common interest and advantage, such as the village system of Russian and German agriculture affords, are scarcely within reach of scattered American farmers. What triumphs of coöperation might have been achieved on the Western prairies under a village system of farming, is a merely speculative inquiry. But coöperative tendencies, actually visible to the discerning observer, may well lead to the belief that isolation has prevented various developments of coöperative activity which otherwise would have appeared. In the construction and maintenance of free public highways and bridges, and in the support of free common schools, each farming community has shown coöperative spirit and used coöperative methods. The township governments have their coöperative aspect. Besides conducting elections, administering tax laws, and exercising police authority, they are endowed with various functions, of a more or less

important nature, touching the industrial interests of the community.

The early settlers of perhaps nearly the entire eastern half of Iowa were leagued together in local associations of a coöperative character for a definite and paramount object. They had entered what is now Iowa in advance of the government surveyors, and in disregard of laws forbidding settlement upon public lands unsurveyed and unsold. The people of each neighborhood formed voluntary land leagues or claim associations. These organizations prescribed a uniform size for the "claims" in their respective districts, the limit being one hundred and sixty acres in some associations, and twice or thrice as much in others. Records were carefully kept, and the transfer of claims was permitted. Valuable improvements were made by the "squatters." Towns and villages sprang up, and some of the land upon which they were built acquired a high value. Between 1830 and 1840 more than 25,000 people made homes upon unsurveyed public lands in Iowa, and trusted to the land associations to protect them in the possession of the farms they called their own by right of occupation. Eventually the land was surveyed and sold at auction by the government to the highest bidder. The survey lines, of course, did not coincide with the boundaries of the claims; but each association adjusted all difficulties among its members and assigned to every one his tract. On the day of a land sale in any locality, the association turned out in force and bid in each parcel of land at the minimum price, one dollar and twenty-five cents per acre. Effective means were used to prevent outside persons from bidding. The associations were remarkably successful in achieving their objects. Their arrangements anticipated by many years the homestead and preëmption laws of the United States.[1] They existed in Minnesota and

[1]The claim associations of Iowa are described in Professor J. Macy's monograph, "Institutional Beginnings in a Western State," No. VII. in the second series of Johns Hopkins University Studies in Historical and Political Science, Baltimore, July, 1884.

other states as well as in Iowa. Few of their record books have been preserved, and the fact of their being is almost forgotten. Yet their influence was felt long after their dissolution, and it could not have been otherwise. For several years tens of thousands of pioneer farmers held their homes by no other title than that given by membership in what we may call coöperative land associations; and they must needs have learned lasting lessons of organization and tinued action.

The era of pioneer occupation was followed by an era of railroad building. The farmers were eager for access to the markets of the world. The men who had acted together in the claim associations again acted together in securing railroads. They cheerfully voted enormous subsidies, frequently amounting to an assessment of five per cent. or more on the value of their property, to secure railroad facilities. And sometimes, when the railroad companies had not fairly earned the bonus, these sturdy farmers resisted the payment of the subsidy bonds with the same determination, spirit, and ingenuity that had characterized the operations of the land leagues.

All these experiences were leading up to the granger movement. The farmers had learned to act together and as a class. The railroads, built with the subsidy funds the farmers themselves had contributed, or with public land grants, exacted rates which kept the farmers impoverished. It would not be in keeping with the purpose of the present work to dwell in detail upon the great contest waged by the grangers, or Patrons of Husbandry, against the domination of the railroads. The grange movement was crude and somewhat blind; but it was powerful, and its salutary effects are important and will have lasting recognition. It was the leagued farmers of the West who established the principle of railroad regulation, and inaugurated the new era which is bringing corporations under a stricter accountability to the public. The grange movement, rightly viewed, was eminently successful, and that success was a triumph of

coöperation in the broad sense of the word. The farmers of the West were, as a class, in doleful circumstances during the decade following the war. Their condition may be summed up in the statement that they were buying in the highest markets and selling in the lowest. Their farms were mortgaged and they were paying extortionate rates of interest. Crops were large, but local markets were undeveloped, and railroad rates to distant markets cut prices down to cost of production. Farm machinery was bought at ruinously high prices, and paid for with promissory notes at the highest interest rates, which were often made liens on the farms. Diversified farming was not customary, and dairying and stock-feeding were as yet undeveloped interests. Crops were often mortgaged long before harvest-time, and the pressure of tradesmen's bills and mortgage debts necessitated the immediate sale of the grain at any price. The credit system put the farmers at great disadvantage in their purchases. Fuel dealers, grocers, hardware and dry goods merchants in the trading towns and villages along the railway lines had one price for their town patrons and a higher price for the farmers. It was a decade of large profits for all the so-called "middlemen,"—the grain-buyers, the agents for implements and machines, merchants in all lines. And especially it was a time of unjust discriminations and greedy, irresponsible exactions on the part of the railroads.

Grangerism was intended to remedy this evil state of things. Mr. William Saunders, employed in the Agricultural Department at Washington, was the originator of the order in 1866, and the first Master of the National Grange. Largely through the missionary labors of Mr. O. H. Kelly the movement took on strength in the West, Minnesota leading in the organization of local granges. At the end of 1871 there were only about two hundred local granges in the whole country, and perhaps half a dozen state granges. But the seed had been sown. A year later there were thirteen hundred, or more, local granges, at the end of 1873

nearly ten thousand, a year later twice as many, and when the movement reached its zenith at about the beginning of 1876, it is claimed that there were no less than thirty thousand local granges in all the states and territories of the Union, with a total membership of 2,500,000, of which a large proportion were in the Western states. The order of Patrons of Husbandry still exists, and in some localities it is not without large influence. But its chief mission was a temporary one and has been fulfilled. The most memorable meeting ever held by the National Grange was that of December, 1874, in St. Louis. The "Declaration" adopted at that time fairly stated the objects of the order. The following is a quotation from that document:

"We shall endeavor to advance our cause by laboring to accomplish the following objects: To develop a better and higher manhood and womanhood among ourselves; to enhance the comforts and attractions of our homes, and strengthen our attachments to our pursuits; to foster mutual understandings and coöperation; to maintain inviolate our laws; to reduce our expenses, both individual and corporate; to buy less and produce more in order to make our farms self-sustaining; to diversify our crops, and crop no more than we can cultivate; to condense our exports, and discontinue the credit system, the mortgage system, the fashion system, and every other system tending to prodigality and bankruptcy. We shall avoid litigation for arbitration when possible, working together, buying together, selling together, and acting together for our mutual protection and advancement."

The effect of the grange upon the condition of western farmers was almost electrical. Each local body, with its frequent meetings in the neighborhood school-house, was an institute of husbandry and domestic economy. The young people, as well as the farmers and their wives, attended the meetings and participated in the exercises. These gatherings in themselves were a most important form of coöperation. They inculcated thrift and thorough, intelligent methods of farming. Better and more experimental farmers gave others the benefit of their superior knowledge. The meetings of the grange distinctly improved the moral, social, and intellectual life of the rural community.

The direct economic benefits of grangerism were very large, not only in the aggregate but also for each local society. The Order undertook at once to enable its members, by coöperative action, to buy and sell at the best possible advantage. They discovered immediately that there was power in union. They had been so dependent and defenceless that it gave them a new sense of dignity and worth to find themselves solicited and sought after. No principle was more strenuously insisted upon by the Order than that of buying for cash. All kinds of purchasing and distributing agencies sprang into existence. Farmers became familiar with prices and business methods. Commodities like lumber and coal, those prime necessities of prairie farmers, were bought at greatly reduced rates through the influence of the grange. Agreements were made between particular granges and local merchants by which the farmers bought their goods at stipulated prices, or on a certain low margin of profit. I have seen no better account of these trading methods introduced by the rural granges than an old Iowa granger gives in a quaint letter from which the following is an extract:

"When the grange started it seemed as though the railroads and traders were getting about all the benefits of the farmers' labor. We were selling corn for fifteen cents per bushel and paying about fifteen cents per pound for sugar. We were going in debt for carloads of farm machinery, and letting it stand in the fence-corners to rot. So between the extortion of the railroads, the middlemen, and our own wastefulness, we were getting in a bad shape. So when the grange came we were ready to join anything that promised us any relief. One of the obligations on joining was to house our implements and take good care of our stock. Of course, every one knew that was the right thing to do before, but a little discussion of the matter brought it fresh to our minds, and, 'as iron sharpeneth iron so does the countenance of a man that of his friend.'

"Our first plan of coöperation was to pay cash and offer our whole trade to one man in a town, provided he would sell at a small profit, say ten per cent. We had no trouble in finding merchants who would agree to that. But we soon found trouble, for other merchants were not going to be outdone, so they would put their

goods down below our price, and then some of the grangers would go there and buy. This soon broke up our boycott business. But as soon as it became known that the grangers proposed to pay cash for their goods, we began to receive circulars from Chicago and elsewhere offering to send goods to the agent of any grange subject to examination before paying for them. Then we began to buy our goods this way. We went at it very carefully at first. Our agent would bring the goods to his house, and then we would meet and examine them and send the money. But we soon got acquainted with our merchants, and learning more of the ways of honorable business we saw they could not afford to cheat us, so we began to send the money in advance and get a little discount, generally enough to pay the freight. In all of our trading for the last twelve years I have never known a case where the merchant did not do all that he agreed to. Now this began to pierce our middleman in a vital part. If he put his goods down below our price it did not hurt us. We had none to sell, but would buy of him, So he had to just quietly submit or go ahead pounding the wind. Then he began to reason the case with us. He said we were building up Chicago and tearing down our own towns by sending our money away to buy goods, and that we ought to keep the money here to help build up our own country. We had to admit that this argument was unanswerable, but that we had been discussing the subject in the grange and we could not get the idea into our thick skulls why it was so much worse for us to send the money out of the country than for him to; and as to the profits, we had concluded it was much better for the country that we had them than him. As for tearing down the towns we were very sorry for that, and would gladly have it otherwise, but we were too poor now to buy a master. But if he was able to buy one we would sell him his next batch of apples at one dollar per bushel instead of his sending to Michigan for them at seventy-five cents. I am sorry to say his love of country never materialized. This is about all the experience I have ever had in coöperation. Although we have no grange here now, our people still keep posted in prices and buy to the best advantage. Of course the grange never accomplished as much as some expected, yet it did a vast amount of good in introducing the farmer into the ways of business."

In some neighborhoods grange coöperation took on more advanced and elaborate forms than are described in the letter quoted above. Contracts with local merchants and implement agents for special rates seldom proved satisfactory to either party for any length of time, and in a large num-

ber of towns the grangers established stores of their own. Mr. E. Snow, of Grinnell, Iowa, who was a grange-master and the manager of the most successful of the Iowa grange stores, is of opinion that more than fifty were in existence at one time, between 1875 and 1880, in his state. Few of them were long-lived. They met a temporary want, and one by one lost their coöperative organization. The force of the grange movement had spent itself, there was left no enthusiasm and class feeling upon which to base the coöperative mercantile ventures, and the desirability of their maintenance from the pecuniary standpoint did not seem to impress very many farmers. The stock passed into a few hands, and the original organization disappeared. I am led to believe that very few of the granges fully understood the conditions of success in mercantile coöperation. If their stores had been conducted on the English plan and in the spirit of the English coöperators, they would have been permanent and would have achieved great things. Taking them altogether, their success was indirect. While they lasted they regulated prices. They trained the farmers in business methods, and taught them how to trade advantageously. They marked a brief period of transition. Before that period the farmers had been struggling for existence, while the "middlemen," i. e., the tradesmen in the towns, had been prospering amazingly. At the end of the period the farmers were growing wealthy, at least in comparison, while the tradesmen were waging a fierce competitive battle for a livelihood. The day of large profits in retail business was gone forever. The farmers could afford to deal again with the "middlemen."

Early death was not, however, the fate of all the grange stores. Several are in existence in Iowa to-day. The one at Grinnell, known as the "Farmers' Exchange," was projected in the fall of 1873, dissatisfaction having arisen with arrangements made a year or two before between the grange and one or two Grinnell merchants. The store was opened in January, 1874, Mr. E. Snow, master of the

grange and a man of unusual business ability and experience, taking charge as agent. The initial paid-up capital was $1,000. The amount paid in eventually reached the sum of $3,800. The present paid-up capital stock is $15,000, in shares of twelve dollars and fifty cents each. All above the $3,800 represents earnings. The original restriction of membership to Patrons of Husbandry was removed in 1878. There were formerly as many as one hundred and twenty stockholders. The present number is about eighty. Control is vested in a board of directors and an agent, or manager. No limit is placed upon the amount of stock a member may own, but the small holders are protected by the voting arrangements. Each shareholder has one vote in his individual capacity, and one additional vote for every three shares of stock; but no member shall cast more than twenty votes. There are 1,200 shares of stock outstanding and eighty members. Evidently the membership vote is strong enough to protect the smaller holders against the dangerous domination of the stock vote. Profits have gone to the stockholders in proportion to their investments. Distribution in proportion to purchases has never been practiced (except indirectly, as noted below), nor has that valuable principle been generally recognized, so far as I am aware, in grange stores. Until 1885, the Grinnell store paid dividends in the form of new stock issues, retaining the profits as additional capital. For the year 1885 a ten per cent. dividend was declared and paid in goods. The year 1886 was less prosperous, and only five per cent. was divided. In the earlier days, when the capital was small, the rate of profits was very high. Mr. Snow says that in the first year, after reducing general prices in town at least ten per cent., the grange store made a dividend of twenty-five per cent., followed in successive years by dividends of forty, twenty-five, fifteen, and ten per cent. Recently the "cash card" system has been in use, which may be said to involve the principle of a dividend based upon the amount of purchases. The card costs twenty dollars, and is punched as purchases

are made. The holder obtains an extra dollar's worth of goods. This may be regarded as a five per cent. premium upon purchases, and is a departure from the former practices of the store. The yearly sales of the Farmers' Exchange of Grinnell are given as about $44,000. The original attempt to do a strictly cash business has been abandoned, but credits are given cautiously and conservatively. During its existence of more than twelve years, this store has been the most stable mercantile establishment in the town. It has constantly acted as a regulator of prices, and has, directly and indirectly, saved the farmers of the vicinity scores of thousands of dollars. Its success has been due in very large part to the superior management of Mr. Snow, who remained in charge until 1886.

The attempt to gather detailed facts about all the "grange stores" which once existed in the state, would be attended with more labor than profit. It is the opinion of sagacious men that they served a useful purpose while they lasted, and that they are not to be set down as failures, merely because they lost their coöperative character after a few years. It may be safely said that the facts would show that a great majority of them accomplished such local results as justified their existence. The more fundamental cause of their disappearance was the passing away of the conditions out of which they grew. The immediate, visible causes of course were various. Mr. Snow suggests two sententious epitaphs for all these defunct attempts at coöperation: "1. Died of a board of directors. 2. Died of an incompetent agent." There is a volume of wisdom and experience compressed in these two epitaphs. Inharmony and mismanagement have proved fatal to hundreds of coöperative undertakings.

The impetus of grangerism is to be credited with having hastened the development of diversified and profitable forms of agriculture in Iowa. In many communities, where the farmers had grown and sold grain almost exclusively, coöperative cheese-factories were established under grange auspices, and stock-feeding and dairying encouraged in every

way possible. The "creameries," or butter factories followed the cheese factories. Comparatively few of these dairying establishments now have the coöperative form of organization, although there are a number of exceptions. Thus, I am informed that of twelve or thirteen cheese factories in Monroe county, a majority are owned by coöperative societies of farmers, the others being organized as ordinary joint-stock companies. "But, in either case," says my informant, "the milk is invariably worked on commission. Each factory employs an experienced man to manufacture the cheese, and a salesman to market the product and collect the money. Dividends are made monthly. The non-stockholders who furnish milk, are required to pay a small royalty to help defray incidental expenses, and pay the stockholders a small per cent. on their capital invested. This plan of conducting factories here has been in the main satisfactory, and a source of profit to those engaged in them. By this coöperative plan almost any community of farmers can raise the means to build a factory, and from one hundred to three hundred cows will furnish the milk." Iowa has become a great dairying state, and has hundreds of cheese and butter factories. However owned or managed, these establishments are in spirit and effect coöperative. Generally speaking, it may be said that they have been built with capital furnished by the farmers of the neighborhoods where they are located, and that the benefits are shared by the farmers in proportion to the extent of their patronage.

More permanent and prosperous than any other form of coöperative effort inspired by the grange movement, have been the farmers' mutual fire insurance companies of Iowa. They have been an unqualified success from the very first, and have steadily increased in number and in volume of business. The companies are all, or nearly all, organized upon a county basis of membership. They do business under provisions of a law enacted in about the year 1873, which authorizes any number of persons, not exceeding two thousand, to make mutual pledges, and give valid obli-

gations to each other for their own insurance from loss by fire or death. "Such associations of persons shall in no case insure any property not owned by one of their own number, and no life except that of their own members," and they "shall receive no premiums nor make any dividends." The movement had begun, however, previously to the enactment of the law. The Farmers' Mutual Insurance Company, of Clayton county, was organized as early as 1866. Three more were founded in 1867, one in 1868, two in 1869, two in 1870, three in 1871, and five in 1872. Seventeen were therefore in existence prior to the law of 1873.

Until 1879 these associations were not required to report to the state auditor, and I have no statistics showing their volume of business prior to that date. They were rapidly formed during the period from 1874 to 1878, and the auditor obtained reports from forty associations in 1879. The following table shows the growth and business of the coöperative insurance companies of Iowa for a period of eight years:

Years.	No. Companies Reporting.	Amount at Risk.	Losses Paid.
1879...	40	$14,577,226	$29,070
1880...	49	15,813,672	44,785
1881...	54	18,982,244	32,903
1882...	65	21,796,342	36,634
1883...	70	25,741,873	27,246
1884...	70	27,318,438	64,438
1885...	78	30,044,935	58,959
1886...	81	35,515,392	82,670
		$189,770,122	376,705

The annual loss rate has averaged less than one-fifth of one per cent. on the amount insured. The cost of adjusting losses and all other expenses average about one hundred

dollars per year for each company. A fairly representative company is the "Poweshiek County Farmers' Mutual," organized in January, 1874, with headquarters at Grinnell. It was formed at the instance of Mr. Snow, and at the same time the grange store already described was opened. Mr. Snow has been its president from the first, and his salary is ten dollars a year, paid for services in approving applications, and reviewing and signing policies. A membership fee of two dollars is charged, and no other payment is required, excepting in case of a loss, when an assessment to cover the amount is made, with a trifle added to meet cost of collecting and contingent expenses. The association has now in force policies to the amount of about half a million dollars, all, or nearly all, written upon farm buildings in Poweshiek county. Mr. Snow states that the cost of insurance in this company has been less than two cents on the dollar for a period of twelve years,—an average of less than one-sixth of one per cent. per annum.

The companies continue to increase in number and in volume of business, and it is entirely reasonable to predict that there will soon be a hundred companies in Iowa, carrying policies aggregating $50,000,000. This insurance will actually cost about one-fifth of one per cent., or $100,000 a year. The same insurance, carried by the stock companies, would cost more nearly $300,000 a year. The auditor's report shows that the stock companies doing business in Iowa for 1884 took risks amounting to $191,957,673.89, upon which they received in premiums $3,101,946.60. They paid in losses $1,187,513.32. The surplus of $1,914,433.28, —which was nearly double the losses paid,—represents the sum which coöperative insurance would have saved for that year. Coöperative fire insurance, on the neighborhood plan, can hardly succeed in cities and towns, because the risk of a general conflagration is too great. But for detached farm property the coöperative plan is not only the cheapest by far, but it is also the safest. Its advantages are so obvious that they do not require any elucidation.

The farmers of Iowa are saving from one to two hundred thousand dollars every year by their coöperative insurance associations, and every county in the United States could effect an important saving through the establishment of such a company.

The Iowa companies are all organized on the same general plan. I have before me a copy of the constitution of the "Farmers' Mutual Fire Insurance Company of Jasper County," with headquarters at Newton. Its officers are a president, vice-president, secretary and treasurer, who, with one member selected from each township in the county, form a board of directors. All are elected by the members for terms of one year. The president, secretary, and treasurer constitute an executive committee by whom business is currently transacted. The directors represent the company in their own townships, and the adjusters in case of a loss are the resident director and the president and secretary. Appeal from these adjusters may be taken to a board of three arbitrators to be selected from the company. It is provided that no single risks larger than $4,000 shall be taken, and that the policy shall in no case exceed two-thirds of the value. The company does no business beyond the limits of Jasper county. The whole plan of organization and management is perfectly simple, yet safe and adequate. It should be remarked that these companies insure live stock, grain and all other personal property, as well as buildings, against loss by fire and lightning.

Farmers' Protective Association.[1]

It was in the year 1880 that the Washburn & Moen Manufacturing Company, of Worcester, Mass., succeeded in perfecting their monopoly of the barbed wire manufacture. Various patents had been issued, but most of them were regarded as without force, and wire was being freely barbed for fence purposes in a great number of small facto-

[1] I am indebted to the efficient secretary of this association, Mr. G. H. Crosby, of Grinnell, Iowa, for the facts given.

ries using hand machines, and in forty or fifty very large establishments, most of them using automatic machinery of one kind or another. Barbed wire fencing had become essential to the farmers of the West. It is estimated that the farmers of Iowa alone were buying 200,000,000 pounds a year. There was free competition in the market, and prices were accordingly reasonable. But the Washburn-Moen company had quietly bought up a number of patents, and had secured the re-issuance of the more important ones with broadened claims. Under these patents they claimed proprietorship of the principle of a barbed wire fence, as well as of important devices for barbing wire. Their claim was at length sustained by a federal court sitting in Illinois, and, upon the strength of this decision, they closed all the factories in the United States, and demanded back royalties to the extent of millions of dollars. They summoned the manufacturers of barbed wire to meet them at Chicago for settlement of back dues, and they there formed a great combination. Forty leading establishments were licensed to make and sell barbed fencing, the annual product of each firm being limited, the selling price being fixed by the monopoly, and a royalty upon every pound being exacted by the Washburn-Moen company. Retail prices were advanced to ten cents for common wire, and eleven cents for galvanized,—about three cents a pound more than the prices of the previous year, and an increase of forty per cent. This margin was equivalent to an annual tax of $5,000,000 or $6,000,000 upon the farmers of the single state of Iowa.

Such was the state of affairs in the early months of 1881. Practically all opposition to the combination had been crushed out. The large manufacturers were members of the combination, and the retail dealers in hardware received their regular profits and had no grievance. The small manufacturers could not afford to resist the monopoly. The farmers were the real parties in interest, and they determined upon vigorous resistance. As Mr. Crosby writes, "the farmers of Iowa never proposed to attack any legal or

valid patent, but they were convinced that the wire combination was not founded upon any valid patent. It was within the knowledge of many that barbed wire had been made and used several years before any patent had been issued upon it, and that the decision which the Washburn & Moen Manufacturing Company had secured in their favor was not the result of a thorough presentation of the case. They believed that the patents upon which the monopoly was founded, having been enlarged when they were reissued, were therefore void." It remained for the farmers to make these opinions the views of the courts. Agitation, in which Mr. C. F. Clarkson, the veteran agricultural editor of the *Iowa State Register*, and ex-Lieutenant Governor Gue, the editor of the *Iowa Homestead*, took the lead, resulted in a mass meeting of farmers at Des Moines in April, 1881. An association was determined upon, and the plan was perfected at a meeting in June.

The objects of the "Farmers' Protective Association" were to supply its members and others with barbed wire, and to defend its members and agents against any claim for royalty or infringement. A membership fee of one dollar was charged, and annual dues of fifty cents were collected. County and township organizations, as auxiliary to the state associations, were provided for. A strong board of directors was chosen, and officers were installed as follows: M. L. Devin, of Des Moines, president; L. S. Coffin, of Fort Dodge, vice-president; J. H. Crosby, of Grinnell, secretary; and C. F. Clarkson, of Des Moines, treasurer. The association entered at once upon the coöperative manufacture of barbed wire. Instead of investing in a plant, it was deemed best to appoint, as the association's agent, a Des Moines manufacturer who had failed to obtain a license from the monopoly. It was arranged that he should furnish the association with wire upon an agreed basis, and the association pledged itself to defend all suits then pending and that might further be entered against him for infringement. The price agreed upon was six and a-half cents for the

painted or common wire, and seven and a-half cents for the galvanized. "Three quarters of a cent a pound," says Mr. Crosby, "was added to the price of the wire and laid aside to cover any judgment for royalty or infringement that might result from the litigation, and another quarter of a cent for the expense fund, which made the wire one cent a pound higher to members than the contract price. This, however, was two and a-half cents per pound less than the price fixed by the combination. This one cent was afterwards taken off." The interesting story of the litigation that followed the establishment of the farmers' factory can not be told here in detail. A hearing in the case of the Washburn & Moen Manufacturing Company against Mr. Coon, the agent of the farmers, was to have been reached in the United States Circuit Court in January, 1882. The monopoly succeeded by secret negotiations in persuading the agent to permit a decree to be rendered in their favor without contest. He received a large sum of money for his unfaithfulness to the farmers. The Protective Association had not been made a party to the suit, and could only appear in court to enter protest and secure an order that the decree should effect no one besides the defendant, Mr. Coon. The effect of this transaction was greatly to weaken the case of the monopoly before the public, and the farmers were in no wise injured by it. A new contract was entered into with Mr. W. L. Carpenter, of Des Moines, who began at once to supply wire on the same basis as had been done by the Coon factory. Meanwhile an unlicensed factory had been growing into large proportions at Grinnell, Iowa, under the proprietorship of Messrs. J. E. and Walter Rhodes, and it had the endorsement of the Farmers' Association. A series of important suits brought by the monopoly were defended jointly by the Protective Association and the Grinnell Wire Company. The strongest patent, upon which the "broad claim" was founded, was the Glidden, which had been reissued and enlarged. In July, 1883, before Judges McCrary and Love, a thorough and exhaustive hearing was had, and the "broad

claim" was defeated. This was one of the most important patent suits ever decided in the United States. It made barbed wire free, and left the monopoly in possession only of its various patented devices for manufacturing the article, or of peculiar styles of wire covered in their patents. This great victory was worth tens of millions of dollars to the farmers of the West, and the credit belongs to the Protective Association of Iowa and its plucky allies, the Rhodes brothers, of Grinnell. In January, 1885, the monopoly won a suit in Judge Brewer's Court, brought to maintain its exclusive proprietorship of the variety of wire known as the Glidden. The style is a favorite one, and the decision, which closed the large Grinnell factory, was a great disappointment to the farmers. However, the Court "allows the Association to continue the manufacture and sale of this style of wire by depositing fifteen cents per hundred pounds while awaiting the decision of the Supreme Court of the United States."

Mr. Crosby writes in January, 1887, that "the victory of the farmers in this contest has been more complete than the most sanguine anticipated. Barbed wire has sold at all points in Iowa for the past three years at from four to six cents a pound, or less than half the price fixed upon it by the combination when the Farmers' Association was organized, and it is as low as it can be manufactured at the present time. Some portion of this decline is due, under free competition, to cheaper iron and more rapid machinery for barbing; but it is but a small portion, and it is very doubtful, if the combination had held its power, whether the users of the wire would have received any benefit from it." The farmers' coöperative factory was chiefly valuable as a regulator of prices. As Mr. Crosby says, "the amount of wire made by the farmers' factory would have supplied but a small portion of what was demanded, but it was sold direct to the user, and every dealer in the towns of Iowa, knowing that his customers could send and get their wire from Des Moines at the advertised price, demanded of the combina-

tion that they furnish him with wire so that he could compete with the farmers' factory. The farmers' factory has dictated the price on wire fencing during the past five years." Mr. Crosby gives the membership of the Association as between four and five thousand, and attributes much of its success to the experience gained in the grange movement. The legislature in 1884 appropriated $5,000 to aid the Association in testing the validity of the wire patents. The organization still exists, although the work is practically completed. Its total expenditures have been only $16,617, and it has saved millions for the farmers of Iowa alone. Mr. Crosby's letter, to which I am indebted for an admirable and authoritative recapitulation of facts with which I was currently familiar, concludes as follows: "The Association has no definite plans for the future other than to follow the case now pending to its final decision, although that case is of small importance compared to the ones already decided. Having organized for one specific purpose, and having practically accomplished what it hoped to do, its founders have no disposition to attempt other work."

Building and Loan Associations.

There are in Iowa probably forty or fifty building and loan associations. The first was organized at Burlington in 1870. This was followed by an association at Keokuk in 1872, and one at Oskaloosa in the same year. The records in the office of the secretary of state show that associations at Columbus Junction and Riverside were incorporated in 1874; at Wapello, Morning Sun, Columbus City and Iowa City in 1875; at Red Oak, Valley City, Monroe and Creston in 1876; at Council Bluffs, Muscatine, Davenport, Des Moines and Indianola in 1877; at Ottumwa, Waterloo and Atlantic in 1878; at Fort Madison in 1879; at Riverside, What Cheer and Missouri Valley in 1880; at Lyons and Bonaparte in 1881; at Storm Lake, Fairfield and Le Mars in 1883, and at La Porte in 1884. Three associations

were formed in Des Moines in 1877, and three more have since been organized. Several of the places named have more than one association, and it is probable that several other cities and towns not included in the above list now enjoy the benefits of these admirable coöperative societies. I have not obtained sufficient data to justify an estimate of the business done by the building associations of Iowa, but it is certain that they have provided homes for many hundreds of workingmen, and have performed a very creditable part in the building up of thriving towns.

Other Coöperative Ventures.

Iowa has as yet accomplished nothing of importance in the field of industrial coöperation, and there have come to my attention no instances which would justify a detailed account. A significant impulse among workingmen is, however, apparent; and inchoate projects are numerous. In 1885 a coöperative merchant tailoring association was incorporated at Des Moines, and in December, 1886, the "East Side Coöperative Mining Company" began a business in coal mining. But I am informed that no measure of success has been attained by either venture. Until recently, industrial conditions have not been such as to stimulate attempts at productive coöperation in Iowa.

The Amana Colony.

The coöperative village, with diversified industries based upon agriculture as the main industry, has been the ideal of many social reformers and is still the fond anticipation of not a few practical men. The communistic societies of the United States have, in strictness, no place in a book descriptive of coöperative enterprises; but the organization of industry and the domestic economy of a communistic society whose basis is agriculture, yet whose industrial life is varied and so far as possible complete within itself, may

bear very importantly upon the question whether purely coöperative village life could be made feasible and profitable. Every trace of communism might be eliminated from the constitution of a society like Amana and coöperation substituted therefor, without visibly affecting the mechanism of social and industrial life. So radical a change in the *motif* of the association, which is held together by a peculiar religious creed, might cause rapid disintegration. But in outward form Amana is a miniature coöperative commonwealth; and some account of its structure and arrangements may be permitted, especially in view of the fact that from the standpoint of coöperation this particular society is by far the most important of the communistic groups of the country.

The Amana community occupies an irregularly bounded tract of land ten or twelve miles long and five or six miles wide, containing about twenty-six thousand acres, and lying on the line of the Chicago, Rock Island and Pacific Railway, principally in Iowa county, Iowa, at a point about midway between Davenport and Des Moines. The people are Germans. They came to America in 1842 and acquired a tract of land near Buffalo, New York, which they called Eben-Ezer. They are known as "Inspirationists," having come from a peculiar sect which originated in Germany early in the last century and which has much in common with the Quakers. They believe in the continuance of direct inspiration, and have generally possessed a religious head whose utterances were believed to be those of an inspired instrument. In Germany they did not attempt communal life; but after coming to this country they were directed by "inspiration" to have all things in common. Their land at Eben-Ezer was a tract of about eight thousand acres. They came from the thrifty middle class of German society, and brought with them much skill in certain kinds of manufacture. In order that the immigrants might do the sort of work they were accustomed to do, and still remain together, a coöperative organization became a practical necessity.

The deep religious conviction which was the bond that held them together as a peculiar people, made it easy to superimpose the communistic mode of distribution upon the coöperative organization of production. Every family contributed its capital to the common stock, in sums ranging from two thousand to sixty thousand dollars. Those who found agriculture distasteful were allowed to work in the woollen factory and the various shops. The society prospered steadily. It was soon found that more land was needed, and that it would be profitable to sell the valuable tract near Buffalo and acquire goverment land beyond the Mississippi. In 1855 a gradual migration to Iowa began, an excellent location on the Iowa river having been chosen. From time to time the domain of the colony has been extended by purchase until it now includes twenty-six thousand acres.

The present population of Amana is about two thousand, of whom nearly two hundred are hired helpers and their families, while more than eighteen hundred are members of the society. For the sake of convenient access to the land, the people are grouped in seven villages. For convenience in administration, all of the villages, and nearly all of the land owned by the society, have been included in one civil township. The villages, with their membership population given appoximately, are as follows: Amana, 550; East Amana, 140; Middle Amana, 400; High Amana, 140; West Amana, 220; South Amana, 200, and Homestead, 180. From the east to the west village the distance is about six miles. Homestead is a station on the Rock Island road. Amana (village) is on a new division of the Chicago, Milwaukee and St. Paul road. South Amana has two village centers a mile apart, one being on the Rock Island and the other on the Milwaukee road. The villages are all connected by good wagon roads and by telephone lines.

About five thousand acres of the colony's domain is timber land. Each village has assigned to it a definite area for cultivation and pasturage. The village is a social and indus-

trial unit, for all ordinary purposes. The colony as a whole is governed by a board of thirteen trustees, of whom Amana, as the largest village and headquarters of the colony, chooses three, while two small villages elect one each, and the other four villages elect two each. This board manages all the general affairs of the colony. Each separate village is governed by a board of elders, the number varying from seven in the smallest village to eighteen in the largest. The village elders have spiritual as well as temporal functions, and they were formerly appointed by the inspired spiritual head of the colony. Vacancies are now filled by the central board of trustees, appointments being for life.

The elders order the industry of the village, appointing the foremen and designating the duties of individuals, always consulting their preferences so far as possible. The village work seems to proceed smoothly and harmoniously, the machinery of organization being never visible to the spectator. The central institution in each village is the "store," the small farming village of East Amana alone being without it. The store is a large general retail establishment, with a stock of groceries, dry goods, clothing, hats and caps, hardware, drugs, etc. Its book-keeping is very elaborate. Except in dealings with outsiders, the colonists do not ordinarily use money. Everything is done by a system of accounts which are kept at the store. The blacksmith shop and the carpenter shop have accounts against the farm department, which are duly recorded on the village books. Every family or adult individual has an account at the store. At the beginning of each year certain credits are allowed to all members by the village elders, and purchases against those credits are made at the store. All members take meals at village boarding-houses, in groups of perhaps forty or fifty. These boarding-houses maintain each their own dairy, are supplied with groceries from the store, with flour from the colony's mills, and with meat from the village butcher-shop. The villages

are rather compactly built; with large, plain houses of wood, stone or brick, the latter material greatly predominating. Each family is assigned its house-room by the village elders. Most houses are occupied by more than one family. They are without kitchens and dining-rooms, a boarding-house being conveniently at hand for every eight or ten families. The stores are well-stocked and admirably managed. They have a very large outside patronage, farmers often coming for twenty miles to sell their produce to "the colony" and to buy their supplies from the fair-dealing store-keepers at Amana, South Amana, or Homestead. The store at South Amana carries a stock of goods worth not less than $20,000, and its annual trade is very large. The book-keeping for each of these villages is as perfect as that of the best-managed banks. It shows precisely what, in all directions, the village has produced in a given time, exactly what amount of its own productions it has consumed, just what has been sold to the other villages or marketed outside the colony, just what has been bought from other villages or from without, and just what the net gain or loss has been. At Amana, the central books of the colony are kept, and the accounts of the different villages are periodically cleared. The trustees are enabled thus to consider every feature in the financial situation of the colony. Balances between villages are not, of course, actually paid. The farming villages of East and West Amana may have suffered from a bad crop season or from cattle disease, and their income for the year may not equal their expenditures; while the manufacturing villages of Amana and Middle Amana, with two great woollen mills and the cotton print factory, may have made money handsomely. But profits and losses are equalized for the whole colony. The system of village industry only exists for convenience in organization; and no village suffers detriment or disadvantage from the fact that its resources may not be so productive as those of other villages.

Perhaps a further word should be said as to the method

of distribution among families and individuals. First, the village elders provide shelter for all, taking account of the size and condition of families, and showing the utmost regard for the home sentiment and for reasonable preferences, and making no unnecessary stir on moving day. The simple furniture and stock of household goods are the private property of the families. The fruit of the numerous grape vines in the narrow door-yards and trellised against the house-walls, is appropriated by the occupants and is not accounted for. Besides furnishing shelter, the village provides excellent and abundant food for all, in the numerous boarding-houses to which families are assigned. In lieu of clothing and sundries, credits for fixed sums are allowed and each person or family provided with a pass-book and allowed to purchase what he pleases at the store or the village tailor shop. The customs and religious principles of the village prescribe a very simple and somber garb, so that the clothing allowances are not large. They vary in amount according to circumstances. Some kinds of work are comparatively destructive of clothing, and due recognition is given to all such facts. There is nothing punctilious or exacting about this distributive system. It is the desire that all shall be well sheltered, well nourished, and comfortably clad, and there is no suspicion of higgling or niggardliness. But luxury and vain display are religiously eschewed. The sick and the aged are always tenderly cared for, and there is visible no harshness among these God-fearing and honest people.

The purpose of this sketch forbids a detailed account of the industries of the Amana colony, but they may be briefly described. Most important are the two large woollen mills, one in the central village and the other in Middle Amana. The yarns and flannels of these mills are not surpassed, and are in demand everywhere in the country. The annual output is said to be worth about half a million dollars. The operatives are all men, and a majority of them are past middle life. They are as hale and interesting a body of old

men as can be found anywhere. Long practice has given them great skill. They have a fine pride in the perfection of their goods, and quality is their first object. Their factories are supplied with excellent machinery. Everybody in them is industrious and cheerful, while nobody is overworked. I do not believe that so intelligent and well-conditioned a group of operatives can be found in any other factories on earth. A cotton print factory at the Amana village also produces a famous line of goods. The colonists brought with them from Germany a process of cotton printing and indigo dyeing. The durability of their prints makes the demand for them constant and large. Most of them go to wholesale dealers in Chicago, New York and Boston. At Middle Amana there is a starch factory and at Amana a soap factory, neither of which is very extensive. Fifteen or twenty years ago flour-milling was one of the leading industries of the colony. In those days Iowa was a large producer of wheat, and the new methods of milling which have built up flouring centers like Minneapolis were not in vogue. The colony had two large mills, and did a thriving business in the jobbing of flour. The mills still do some outside business, but are chiefly occupied with grinding for home consumption. The one at West Amana supplies three villages and the one at Amana supplies four. It is intended this year to rebuild the West Amana mill and equip it with rollers and the most recent machinery. There are saw-mills in four of the villages, but they do not manufacture lumber for sale. They are used only as necessity requires. At High Amana there is a tannery. There are machine shops at Amana and Middle Amana, and blacksmith and wood shops in all the villages. At South Amana and Amana there are lumber yards, which are patronized extensively by outside farmers. There are two or three grain elevators at the colony's railroad stations, and the grain or live stock of outsiders is freely purchased and shipped to the Chicago market. The head men of the colony are competent and prudent business men, and they

manage their large business with system, skill and profit. They are noted for their upright dealings.

The income of the society is large enough to provide a comfortable living for all, and to permit the constant improvement of its noble domain. A canal six or eight miles long has been constructed at considerable expense in order to furnish water-power for the woollen mills from the Iowa river. A fall of fourteen feet is thus secured. There are several good bridges across the Iowa river, and many miles of fairly good roads connecting the villages with one another and with outside places. The telephone connects all parts of the colony. A flowing artesian well, 2,200 feet deep, has been sunk at Middle Amana. A plain but suitable church is found in every village, and also a good school-house. The dwelling-houses are solid and capacious. The barns and stables are excellent, and the supplies of farm machinery the best. The income of the society is thus absorbed in current expenditure and general improvements.

Advanced education is not appreciated at Amana. The people are not, as in the French Icarian community, readers and philosophers. They have clear, practical intelligence, but apart from the Bible and their own religious records (many volumes of which they have printed), they do not hold literature in high esteem. But they believe in a common education, and send all their children to their village schools. Life in the school-room begins very young and continues until the girls are thirteen and the boys fourteen. School keeps five and a half days in the week and fifty-two weeks in the year, and begins very early in the morning.

The teachers, of whom there are sixteen in the seven villages, are all men—typical old-fashioned German schoolmasters—and all members of the colony. Some of them have been teaching where they are for twenty or thirty years. Every school-house contains a large, sunny work-room, and the children spend part of each day in that room, boys and girls together, knitting and glove-making, under the instruction of women. Great loaves of fresh rye bread are

brought to the school from the village bakery, and the master dispenses generous slices of bread and butter. German and English are both used in the schools—the latter somewhat painfully. The teaching is conscientious and thorough, in the old-fashioned way. The good old masters take pride in the fluent reading of their best boys and in the scrupulously neat copy-books of their best girls. The little girls all wear long dresses, small black caps, and diminutive shawls religiously pinned across their breasts, and they look very fresh-faced and pretty. The courtesy and good manners of the Amana children are worthy of special note. These schools are occasionally visited by the county superintendent and are accounted as belonging to the public school system of the state. The colony is given its share in the apportionment of the state school fund. It is a question whether these quaint old German teachers are not accomplishing better work than some of the ambitious graded schools in the large towns of the state. When they leave school at fourteen, the boys are assigned to some useful function in the community. The tastes and preferences of each boy and the opinions of his parents are, of course, consulted, and no practical difficulty is found in determining which boys shall farm, which shall be teamsters, which shall be mechanics, which factory operatives and which business men.

The population of the colony grows at moderate pace, chiefly from within. Occasionally a German family is admitted from without, but no accessions are sought, and most applications are refused. It is remarkable that so few old members become discontented and withdraw, and that so few, comparatively, of the young people, seek escape from the monotony of life in the colony. It would be impossible to find any other Western neighborhood, of like population, where changes are not five-fold, or ten-fold, more numerous. When occasionally a member does withdraw, he is paid the sum he originally gave to the society, or his legal share of the sum his parents may have deposited.

But otherwise he receives no portion of the accumulated wealth of the society, except what the trustees may voluntarily bestow upon him.

This incomplete sketch must of necessity leave unsaid very many things that should have place in a full description of life at Amana. It is a community in which crime is absolutely unknown. In deference to the laws and institutions of the state, the colonists go through the form of electing a justice of the peace and a constable for their township; but these officers have nothing to do. Pauperism, of course, is a term that has no meaning in a communistic society. The even and wholesome life of the colony is conducive to good health and great longevity. If there are vicious and ill-disposed persons in the colony, I have seen none of them and have heard of none. I mean, of course, such persons as would be regarded in any good community as bad members of society. I have seen in the colony no faces that excited distrust and dislike. The life is unquestionably promotive of moral excellence. The average of physical comfort is high, but it might easily be higher. The wants of the people are few and simple, and they do not aspire to "all the modern conveniences." Their intellectual standard also is low. They might have libraries and reading rooms, and a central high-school with the best appliances. But this is not what they want. They live under the restrictions of a narrow creed. Obviously their life has its unfavorable as well as its favorable side. There have been troubles and disagreements at times, undoubtedly. As society at large is now constituted, nothing could be more hopelessly impracticable, for general adoption, than the communistic program. But there is much in a community like Amana to strengthen faith in the feasibility of coöperation.